

Bangladesh's Politics Heading Towards A Paradigm Shift?

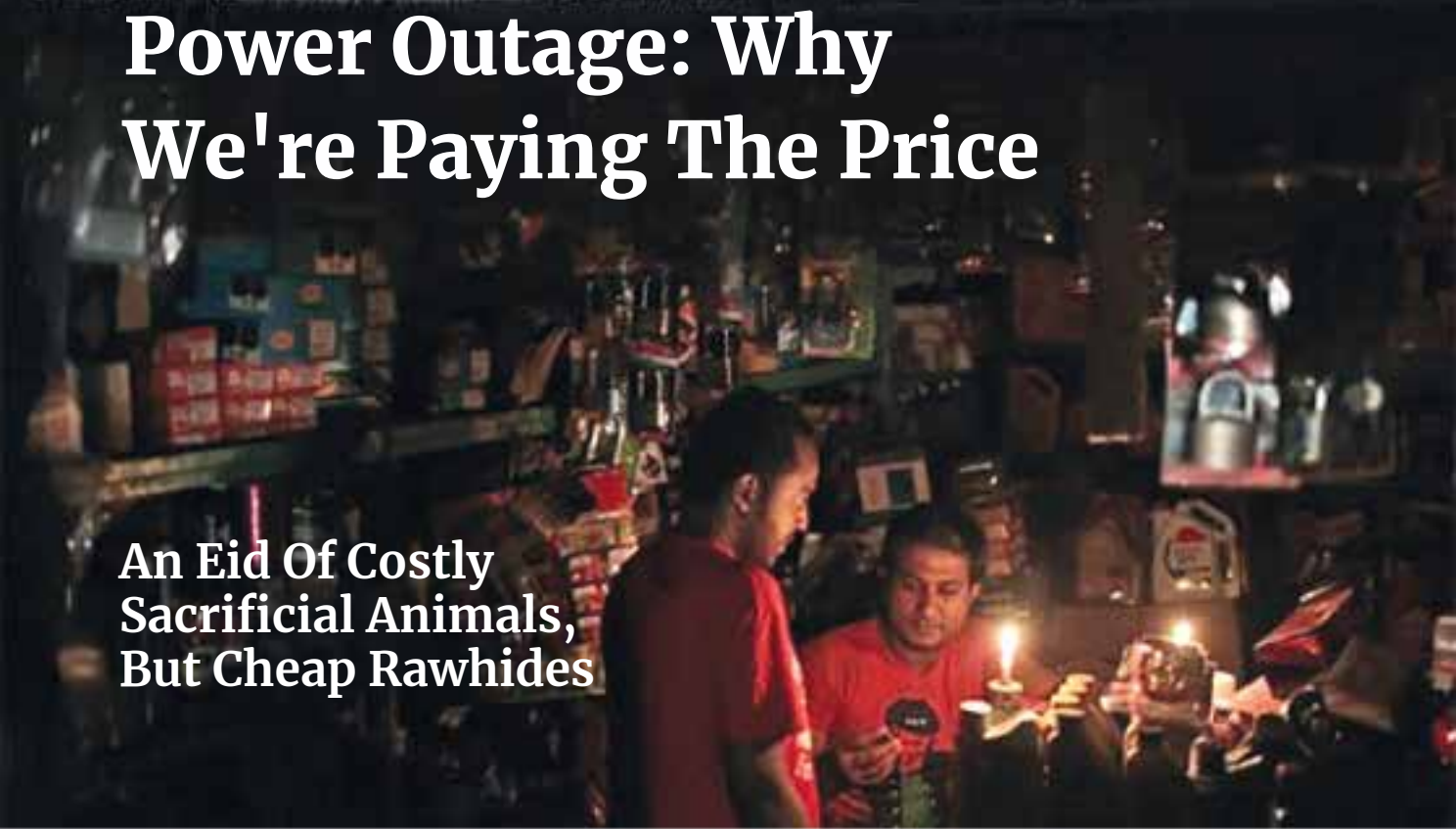
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BUSINESS OUTLOOK



Power Outage: Why We're Paying The Price



An Eid Of Costly Sacrificial Animals, But Cheap Rawhides



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BUSINESS OUTLOOK

From the Editor

Paying the Price

Countrywide load shedding is back. The country may have to experience a shortage of electricity of up to 2,000MW as many power plants were forced shutdown due to shortage in gas supply. Prime Minister Sheikh Hasina has already warned people to get ready to face dire situation in power and gas supply. She blamed the US sanctions against Russia that affected the whole world and is leading towards an economic crisis. No doubt, we have been severely affected by the Russia-Ukraine war that created a huge volatility in the global energy market. Both the prices of liquid petroleum fuels and gas have gone excessively up on the international market. As we have to import the entire liquid petroleum and also 25 per cent of gas from international market, we have to spend more in our foreign currencies to meet our demands. The US sanctions have aggravated the situation. It has created huge interventions in the supply chain. But the country's energy experts attribute the current electricity and gas crises not only to the US sanctions, but also the wrong policies and strategies in our energy sector. Dr M Tamim, Dr Ijaz and Dr Badrul Imam—all the three leading energy experts are of the opinion that the government's priority on private power generation, specially promotion of the the costly rental and quick rental power plants and the focus on development of an import-based energy sector played major roles in aggravating the situation. They said if priorities were given to the development of base-load power plants in public sector and focus was given on onshore and offshore gas exploration, the situation would have been different. But in last 10 years since the settlement of the maritime disputes with neighboring Myanmar and India, the onshore and offshore gas exploration was totally ignored. Rather, the influence of lobbies in private power generation and LNG import worked more effectively. The stake of public sector in power generation decreased while private sector's business in power sector boomed. Local gas production declined while LNG import increased. Now in the global crisis, we have been in great trouble. If the load shedding continues, it will primarily hit industrial production. The export-oriented garment and textiles will be the first victims of the situation. So, export declines means foreign exchange reserves go down further. Already, the foreign exchange reserves went below \$40 billion within few months from over \$48 billion. We have to act cautiously to take any economic decision. We fully support Prime Minister Sheikh Hasina's call to maintain austerity measures to get out of the current crisis. ■



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BENDSTA Calls For Scrapping Vape Ban From Draft Tobacco Control Bill

Bangladesh Electronic Nicotine Delivery System Traders Association on Monday voiced their opposition to the newly proposed amendments in the draft tobacco control amendment bill, which includes ban on e-cigarettes or vapes. They made the demand in a press conference at a hotel in Dhaka recently. The draft amendments suggested a ban on e-cigarettes or vapes, under which production, import, export, storage, sale and transportation of e-cigarettes or their parts will be prohibited. BENDSTA president Masud UZ Zaman said that vaping was proven as 'quitting tool' from smoking by different international studies and banning vaping products will harm Bangladesh's goal of becoming a tobacco-free country by 2040. The organization put a three-point demand to the health ministry, including recognising vaping as a 'quitting tool' and separating it from tobacco products like cigarettes. 'Research by UK Health Security Agency (Public Health England) found



that vaping is 95 per cent less harmful than cigarette smoking. It is surprising how policymakers can ignore such an important finding,' Zaman said. He said that governments of developed countries like the UK, EU countries, New Zealand and Canada, have recognized vaping as an effective tool for quitting smoking. Vaping can help reduce smoking in Bangladesh. ■

Euro Near 5-Year Low Vs Dollar



The euro flattened on July, staying near a five-year low against the US dollar, as investors sought safety in the greenback amid worries about slowing global growth. The war in Ukraine and its economic fallout, in particular soaring food and energy inflation, has been a major drag on the euro, which has weakened more than 8 per cent against the dollar this year. The difference between the European Central Bank and the US Federal Reserve response to higher inflation has also weighed on the euro. Data showed euro zone inflation surging to another record, adding to the case for the ECB to raise interest rates this month. Jeremy Stretch, head of G10 FX strategy at CIBC said he expected headwinds on the euro to persist as the ECB is set to hike rates on July 21 by "a mere 25 basis point". ■

Bangladesh Bank Eases Online Visa Processing Fee Payment

International cards, both debit and prepaid, can be used for online payments of visa processing fees, said the Bangladesh Bank today, as it moves to facilitate smooth transactions. In this context, authorised dealers (ADs) may issue international cards in the name of official designated by nominated agents, said the central bank in a notice on July 12. The BB has asked ADs to report such foreign exchange transactions to the Foreign Exchange Operation Department of the central bank as well. Visa processing fees, among others, collected through nominated resident agents of foreign embassies can be remitted abroad to the bank accounts designated by embassies or their home offices. ■



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Now Robi, Airtel Fix Minimum Recharge Limit At Tk20

After GrameenPhone, the country's two more telecom operators – Robi and Airtel – have made it mandatory to keep a minimum balance of at least Tk20 to prevent SIM deactivation. The minimum balance requirement will be effective from 16 July, according to the operators' customer service notification issued in this regard. When contacted, Bangladesh Telecom Regulatory Commission (BTRC) Vice-Chairman Subrata Roy Maitra said that this is the operators' own "business issue" and is done "in line with the policies of the regulatory body." "We can just look into the packages and the minimum recharge is an internal issue of those packages," he added. Earlier this month, Grameenphone raised its minimum mobile recharge limit to Tk20 from Tk10, citing the decision as part of Grameenphone's service facilitation. However, customers were allowed to avail Tk16 and Tk14 minute packs, Grameenphone had said in a statement. ■



Govt Takes Steps To Prevent Rawhide Smuggling

The government has taken steps to prevent rawhide smuggling in areas along the country's border, industries secretary Zakia Sultana has said. 'Already the government has fixed the prices of rawhides in Dhaka and outside the capital, and it has strengthened vigilance in areas along the border to prevent rawhide smuggling,' she told reporters after visiting the tannery industrial area at Bangladesh Small and Cottage Industries Corporation on July 6. This year, as many as 97 to 98 lakh animals will be sacrificed across the country during Eid-ul-Azha, the secretary said. Already 1.21 crore rawhides have been prepared and the same will be processed at Central Effluent Treatment Plant in Savar, said Zakia. 'The ministry has taken steps to keep the Dhaleshwari river and its adjacent areas along the tannery industry area free from pollution,' she added. ■

Containing Inflation Top Priority: New BB Governor

Newly appointed Bangladesh Bank new governor Abdur Rouf Talukder has said containing inflation would be his top priority. Talukder, who joined the central bank as its 12th governor on July 12, also stressed the need for bringing back stability in the foreign exchange market by stabilising the exchange rate between the taka and the US dollar. He made the comments while delivering speech at a press conference at the BB headquarters in the capital. The new governor said he will go the extra miles to ensure credit flow to the private sector and generate new jobs. He also said the banking watchdog would work hard to help the government achieve the desired growth in gross domestic product. Talukder, a former senior finance secretary, has replaced Fazole Kabir, whose six-year tenure ended earlier this month. Talukder holds an MSc degree in development management from the University of Birmingham and an MBA from the Institute of Business Administration of the University of Dhaka and is experi-



enced in financial management. He started his professional career in 1988 as a member of the Bangladesh Civil Service. He served in various capacities in the government during more than 34 years of his career. ■



Bangladesh's Politics Heading Towards A Paradigm Shift?

SMS Hasan

Politics in Bangladesh appears to be moving towards a new phase with many happenings. Some incidents, may be minor considering the current situation, are significant. Specially, meetings of the UN local representative and EU representative with opposition BNP leaders and reactions from ruling Awami League are not a matter that would avoid the eyes of the political observers.

The fast declining economic situation in Bangladesh may play a major role in aggravating the political situation if right steps are not taken at the right time. The foreign exchange reserves has dipped below \$40 billion from \$48 billion within few months after the Russian-Ukraine war began in February. The US and its Western allies imposed crippling sanctions on Russia. The war led to a global economic crisis, pushing up prices of

all products, from fuel to food. The impact in Bangladesh is no different. As Bangladesh didn't take necessary steps to explore and extract its hydrocarbon resources in last one land a half decades, it has to pay the prices. Currently, it has to import more than 25 per cent of its gas from abroad while once its local gas production was surplus against its demands just 15 years back. On the other hand, it is almost fully dependent on import for its petroleum fuel use. So, the achievements in power generation that it claims to have ensured a cent percent access to electricity now faces big questions. Load shedding has returned, forcing people to endure blackout again for several hours every day. The government has announced some austerity measures to tackle the situation. Prime Minister Sheikh Hasina blamed the US sanctions on Russia for the effects that the country is experiencing. Many political analysts read it as big strain on the

Bangladesh-America relationship, specially during the current government. The relation was already put in a bad situation after the sanctions on some of the officers of the elite force Rapid Action Battalion (RAB) few months back. Now it has gotten worse. Many think, the situation has now reached a level beyond mending. The PM's open accusation of the USA for the global crisis is an ultimate result of that grim relation. The statements from different ruling party leaders and ministers are also indicative. An article published by Indian leading daily Hindustan Times is also significant. The article with the headline: "The ground under Sheikh Hasina's feet is shifting" is further indicative.

Hasina Urges US TO Lift Russia Sanctions

Sheikh Hasina on July 7 asked the US to withdraw sanctions it imposed on Russia as their punitive action is causing immense sufferings across

the globe. "I think that it is justified to retreat from the act of punishing one country which is hurting the people of the whole world," she said while inaugurating the new building of the Ministry of Foreign Affairs in Dhaka. She said that the US-led sanctions were tantamount to violation of human rights as it is not fair to deprive all humans of their basic rights. Hasina said it is

from low-income to developing and developed are much more affected by the restrictions.

UN Representative Meets BNP Leaders

The newly-appointed United Nations resident coordinator to Bangladesh Gwyn Lewis on July 12 called on the main opposition BNP leaders at the party chairperson's

was held at BNP chairperson's Gulshan office. Khasru and Obayed were also present at the meeting. After the closed-door meeting, Khasru said they discussed in detail all the relevant issues involving bilateral relations between Bangladesh and the EU.

He, however, declined to elaborate when asked about the relevant issues.

US Wants Fair Elections In Bangladesh

US Ambassador to Bangladesh Peter Haas has wished the Bangladesh Election Commission all success in its great "civic responsibility" of conducting free and fair elections.

On July 3, ambassador Haas and other heads of diplomatic missions in Dhaka met with Chief Election Commissioner Kazi Habibul Awal. "Democracy is humanity's most enduring means to advance peace, prosperity, and security, and elections are the cornerstone of democracy," said the US Embassy in a Facebook post shared on Tuesday.

The United States said it looks forward to the Bangladeshi people choosing their leaders freely in upcoming national elections.

Diplomats' Move Over Next Polls Puts AL At Unease

A political analyst at a local daily writes about the UN and EU delegations meeting with BNP leaders and consequential reactions of the ruling Awami League.

The successive meetings of BNP with UN and European diplomats and the recent moves of some foreign diplomats have put AL in an uneasy situation, with some leaders of the party publicly voicing their anger and frustration.

The BNP leaders and the diplomats largely kept mum on the topic they had discussed, raising confusion among the AL leaders.

Earlier this month, a group of diplo-



UN Representative Gwyn Lewis meets BNP Leaders at the party Chairperson's Gulshan Office

unfortunate that when the whole world is being affected by the Covid-19 pandemic the Russia-Ukraine war has brought more miseries.

"Above all, the US-imposed sanctions have blocked the availability of items that Bangladesh imports," she said. "The transportation cost has gone up while the pockets of availability of the goods have been shrunk."

She also said the sanctions were affecting the whole world. "The people are the sufferers of this in the end. Especially, the developed countries should think about it," she said. The prime minister further said the US should understand that the sanctions are inflicting pain for their own people too. They also should look into the matter.

"You want to hurt a country by slapping sanctions. But how much is it affected?" she questioned. She said that the people of the other countries

Gulshan office in the capital.

Accompanied by her peace and development adviser Becky Adda-Dontoh, Lewis held a meeting with the BNP secretary general Mirza Fakhru Islam Alamgir for one hour and a half.

The party's media wing member Shyru Kabir Khan said that the BNP standing committee member Amir Khasru Mahmud Chowdhury and its organising secretary Shama Obaed had also attended the parley.

Following the meeting, Khasru said they were not willing to brief the press about the meeting with the UN officials.

EU Envoy Meets Fakhru

European Union Ambassador to Bangladesh Charles Whiteley met Fakhru on July 13, just a day after the meeting of the UN country representative.

The one-and-a-half-hour meeting

mats, mostly from western countries, visited Election Commission and discussed the next general election, due sometime between late 2023 and early 2024.

Several senior AL leaders said that they were disappointed at the statements made by the diplomats in different forums and this week's meetings of UN and European diplomats with the main opposition party.

At least two senior ministers spoke on the issue on July 12 and 13 to express their annoyance.

AL international affairs secretary Shammi Ahmed said that political parties, including BNP and foreign missions here in Bangladesh, should maintain norms of diplomatic relations.

"There are some diplomatic manners for both foreign missions and responsible political parties. They should follow the norms. Talking about elections of Bangladesh is not expected as it is very much an internal issue of Bangladesh," she said.

Not Foreigners, Go To The People: Hasan To BNP

Information and Broadcasting Minister Hasan Mahmud on July 13 advised BNP to work for winning people's support to come to power instead of lobbying with foreigners.

He said this when journalists sought his comments on the opposition party's recent meeting with the UN Resident Coordinator and EU Ambassador.

Talking to journalists at Bangladesh Secretariat the minister said that foreigners must not interfere in the country's internal matters.

Hasan said BNP continues to insult the country by frequently going to the foreigners to raise the country's domestic issues.

He said the people of Bangladesh do not like a political party to seek help

from outsiders.

"The people will cast their ballots, not foreigners," he said pointing to BNP.

"We see that BNP always visits foreigners, including foreign ambassadors and different foreign organisations. But, the people of the country are the owner of the state and they are the owners of power. They will elect the public representatives. Ambassadors or representatives of foreign organisations have no right to vote for anyone in this country," he said. Hasan, also joint general secretary of AL, said that holding meetings with foreign diplomats over the country's internal issues was 'tarnishing the image of the country'.

No Foreign Power Can Influence General Elections: Razzaque

Agriculture Minister Mohammad Abdur Razzaque said on July 14 that

has also the right to hold discussions with them.

"The international community wants our elections to be free and fair. We've appointed a new Election Commissioner in this regard. Elections are held under an Election Commission in most of the developed countries. They don't form any caretaker government during election times. BNP is consistently talking about the formation of a caretaker government, which will never happen," said Razzaque.

He added that the next general elections will be held according to the current constitution, where there is no mention of a caretaker government. Razzaque also said that they will welcome any opinion or advice from the international community regarding the next elections. "BNP is holding discussions with representatives of various



Information and Broadcasting Minister Hasan Mahmud advised BNP to work for winning people's support

no matter how powerful the US ambassador or people like him are, they won't be able to play any role in the next national elections of Bangladesh.

Razzaque was talking to journalists after a Public-Private-Partnership (PPP) meeting at the ministry's conference room at the Secretariat.

Replying to a question, the minister said that foreigners are the country's development partners. The entire world is a global village. The BNP

states over the last few days. I want to tell the BNP that go to the people instead, who will elect their next leaders. It's the people who have the real power, not the foreigners," added Razzaque. "BNP can exchange views with foreigners or our development partners. But to go to state power, it has to go to the people of the country. No matter how powerful the United States or foreign powers are, they will not be able to play any role in the elections of Bangladesh," he said. He said that

if the BNP thought that it would create a platform for movement by negotiating with foreigners, the party would never be successful.

No Comment From Diplomats

Both UN and EU declined to make any statement in regard to their meetings with the opposition BNP. The meetings were held at a time when the Election Commission was scheduled to begin a dialogue with all 39 registered political parties to take their opinion before finalising the action plan or roadmap for the next general election. Though BNP did not share any detail of the meet-

said that development partners were now holding meetings with different stakeholders, including Election Commission and political parties for a fair election.

Dhaka University professor Imtiaz Ahmed said that political parties should be more responsible to deal with diplomats as ‘they interfere in Bangladesh’s internal issues due to lack of political consensus among major parties and poor democracy.’

“Though diplomats are talking about democracy and electoral issues, there might be some hidden issues,” he said, suggesting the

not sit with anybody for discussing the next general election as long as AL is in power,” Fakhru said, adding that the election that BNP wants must be held under a non-party neutral caretaker government.

OECD Representatives Meet CEC

On July 3, Organization for Economic Co-operation and Development, an intergovernmental organization with 38 member countries, pressed the Election Commission to hold the next general election in a free, fair and credible manner to ensure the citizen’s voting rights.

The OECD made the demand at a meeting with the Election Commission held at the Nirbachan Bhaban in Dhaka when a 14-member delegation, headed by the European Union ambassador to Dhaka Whiteley, took part in the meeting.

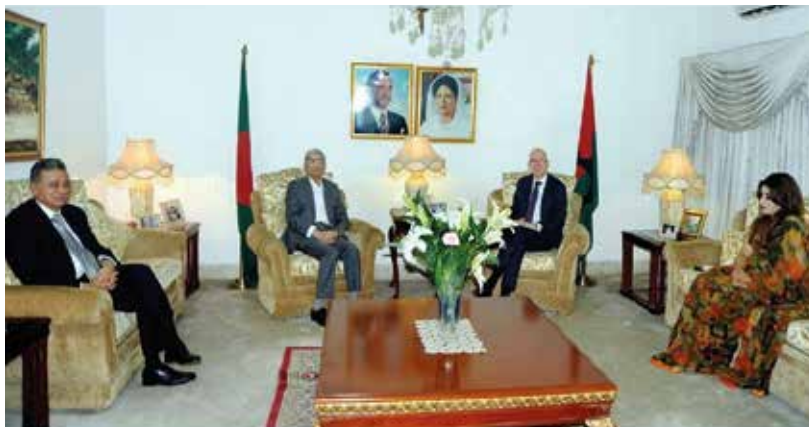
On June 8, after a meeting with the chief election commissioner and election commissioners, Ambassador Haas said that the US wanted an election in Bangladesh in which people would be able to exercise their franchise to choose their leaders.

“The US doesn’t care who wins the election and just wants an election where the people of Bangladesh can choose their leaders,” the US envoy told reporters after the meeting.

The AL has won three consecutive parliamentary elections, in 2008, 2014 and 2018.

Of the AL’s election victories, the past two were criticised at home and abroad for alleged fraud and other irregularities.

Now it’s time to see what happens next. But it’s obvious that one of the previous episodes regarding general election will replicate again. Possibly, people have to wait to watch a new episode of the country’s politics.



European Union Ambassador to Bangladesh Charles Whiteley held a meeting with BNP Secretary General Mirza Fakhru Islam Alamgir and two other leaders

ings, Dilara Chowdhury, a political analyst and former political science professor at Jahangirnagar University observed that the issue of the next general election might be on agenda.

She said that the ruling party’s reaction to the meetings was an indication of their political significance.

“The USA and its allies want a free, fair and participatory general election here in Bangladesh,” she said, adding that the words ‘fair election’ always make ruling party leaders feel discomfort because of the question over their legitimacy. Describing such meetings between foreign diplomats and political parties in Bangladesh common, she

government to handle it cautiously. Election commissioner Ahasan Habib told reporters that the EC was optimistic about holding a free and fair election and that they were making the election roadmap with suggestions from all stakeholders, including political parties.

“We hope, political parties will give their best suggestions to the commission in the dialogue,” he said ahead of the talks with political parties.

Fakhru said that his party would not join any dialogue with the Election Commission or any government body to discuss the next parliamentary polls until the resignation of the incumbent government. “Our party’s stance is very clear, we will



IFC, BRAC Bank Partner To Launch Bangladesh's First Ever Housing Bond

Business Outlook Report

Thousands of low and middle-income urban and rural families in Bangladesh, often underserved by commercial banks, are expected to be able to take out affordable housing loans through IFC's investment in the country's first housing bond to be issued by BRAC Bank. In a first for the country, IFC will make a subscription of up to \$50 million-equivalent Bangladeshi taka (BDT) denominated, five-year senior bond by BRAC Bank to fund and expand its affordable housing

finance program. The move is expected to create thousands of new jobs in construction and related industries.

It's estimated about 80 percent of people in Bangladesh's cities live in rented properties all their lives, mostly due to lack of mortgage finance. Home mortgages only account for three percent of the loan market in Bangladesh, below the average of 4.9 percent in South Asia and 8.9 percent in emerging markets, said a press release. Most financial institutions focus on providing housing finance to the higher-income

people, while access to formal housing loans for low and middle-income segments is very limited.

This causes a surplus in premium housing and a shortage of both housing finance and housing units for low and middle-income people. "This marks a whole new strategic priority for BRAC Bank, since our establishment in 2001, with our goal then to improve access to finance for underserved small and medium enterprises. We, along with IFC, recognize that far too many low and middle-income earners simply cannot access the funds

they need to buy a home. Now people of semi urban areas can also fulfill their dream of owning a house with our affordable home mortgage facilities," said Selim R. F. Hussain, BRAC Bank Managing Director and CEO.

As an investor in the first ever privately placed housing bond issuance in Bangladesh, IFC will help deepen the country's long term bond market which remains underdeveloped. The project was supported by the Joint Capital Markets Program (J-CAP), a World Bank Group initiative to develop debt capital markets.

IFC's work upstream with J-CAP efforts involved supporting BRAC Bank in structuring and laying the groundwork for the first ever housing finance bond in Bangladesh. The investment is also supported by the local currency facility of the International Development Association's Private Sector Window through a US dollar/BDT cross-currency swap to facilitate

local currency lending. "This innovative deal marks an important milestone in the development of the domestic long-term bond market and offers multiple benefits for Bangladesh, with first and foremost helping to tackle the acute need of low and middle-income people to obtain affordable housing finance. It is also the first time that a foreign investor plans to

invest in an onshore local currency bond to be issued by a local private institution to finance housing. It then demonstrates opportunities for new foreign and local investors to invest in such thematic bonds in the domestic corporate bond market," said Allen Forlemu, IFC Regional Industry Director, Financial Institutions Group, Asia and Pacific. Through this

initiative, IFC and BRAC Bank jointly aim to demonstrate a commercially viable lending product that caters to the housing finance needs of households belonging to low and middle-income household, promote inclusive development and create thousands of new jobs. ■



NBR Extends VAT Cut For Edible Oil Imports

The National Board of Revenue (NBR) extended the opportunity for edible oil refiners to import and refine the essential commodity by paying only 5 per cent value added tax (VAT) at the import stage until September 30 this year.

The NBR also extended the VAT exemption at the production and trading stages of palm oil and soybean oil, imported

mainly in crude form by refiners, according to notifications issued by the NBR. The moves are being considered as prices of edible oil are still high even after refiners cut soybean oil prices by up to Tk 6 per litre on June 26.

Consumers currently buy a litre of bottled soybean oil for Tk 190 to Tk 200, down 3 per cent from Tk 195 to Tk 210 a week ago, according to data of prices

collected by the state-run Trading Corporation of Bangladesh. Prices of five-litre bottles of soybean oil and palm oil also declined.

On March 16 this year, the NBR slashed the VAT on edible oil imports to 5 per cent from 15 per cent to give some relief to consumers amid a public outcry against surging prices, slow delivery by mills, and stockpiling by a

section of traders.

The benefit expired on June 30, 2022.

Earlier on March 14, the NBR removed both the 15 per cent VAT at production and 5 per cent VAT at the trading stage for edible oil. ■

The logo for REVE Chat features the word "REVE" in a bold, black, sans-serif font, followed by "Chat" in a lighter, lowercase, sans-serif font. Above the "t" in "Chat", there are three stylized speech bubbles in yellow, pink, and blue, suggesting communication or chat functionality. The entire logo is centered on a light blue background.

Locally Made AI Chatbot Pulls Global Clients

Business Outlook Report

Local technology company Reve Chat is now facilitating access to information for citizens of Mexico while protecting their personal data with its AI-enabled chatbot, underscoring the Bangladesh tech industry's growing clout in the global markets. Reve Chat developed Cavinai for the National Institute of Transparency, Access to Information and Protection of Personal Data (INAI), an autonomous body of the Mexican government.

"Our local talent developed the chatbot," said M Rezaul Hassan, CEO of Reve Group, the owning company of Reve Chat. It can answer complex questions asked by citizens and provide them with fast support, he added. The citizens of the North American country can access information from the INAI's

website and over WhatsApp. "The government authority seeks to ease communication with the citizens using the latest technology as we have proved our technology's effectiveness in different countries," he added. Cavinai is a new tool to facilitate, accessible and direct communication with the citizens. The main purpose of the bot is to serve its citizens with necessary information and guidance related to transparency and security.

Approximately, 96.87 million internet users of the country can avail the service by simply using a smartphone or a computer. In the first 30 days of deployment, the bot handled more than 4,000 unique sessions. And out of these queries, 13 per cent have been made over WhatsApp. Chatbots are automated conversational programs offering customers a more personalised way

to access information. The key takeaway is that they make use of machine learning and AI to understand queries or requests and formulate an accurate response of the users based on the conversation context via messaging apps, websites, mobile apps, or the telephone. Reve Group, which entered the telecommunication and technology business in 2003, launched Reve Chat in 2015 against the backdrop of business process automation swelling globally with artificial intelligence-driven technology, replacing traditional call centres.

Chatbot virtual assistants are becoming increasingly popular among users in business-to-consumer (B2C) and business-to-business (B2B) settings. The global chatbot market size was worth \$526 million in 2021. It is expected to reach \$3.6 billion by 2030, with a compound

annual growth rate of 23.9 per cent during the forecast period (2022-2030), according to Straits Research, a market research organisation specialising in research and analytics. Reve's chatbot can be integrated with Website, WhatsApp, Viber and Facebook Messenger and local talent with expertise in machine learning and artificial intelligence are developing these tools.

Reve Chat initially started with live chat services with local clients such as Rokomari, Othoba, Grameenphone, Transcom Digital and Southeast Bank. Later in 2021, Reve Chat, which now employs around

70 tech talents, started developing chatbots. In May that year, Lanka-Bangla Finance launched "Shikha" chatbot, a virtual assistant developed by Reve Chat to provide faster, improved, and convenient services to customers.

The company is also getting many orders from global clients. It has so far developed chatbots for many international clients including the Commercial Bank of Kuwait, Telecom Networks Malawi, Canadian Hearing Services, South America's leading transportation company Beat, India's Coolwinks and Public Gold Malaysia to name a few. Recently, it has secured a big deal

with one of India's largest e-Learning platform iNeuron.ai.

Hassan said modern organisations were now using smart AI-enabled chatbots to communicate with their audiences. Government organisations were no exception. They are also making smart decisions in choosing smart technologies for better communication with the citizens, he said.

"We have recently developed a chatbot for one of the largest financial organisations in the world and it will be launched soon," he added. ■



Forex Reserve Now Below \$40 Billion

Business Outlook Report

Foreign exchange reserves in Bangladesh have slipped below \$40 billion after the Bangladesh Bank cleared the import payments to the Asian Clearing Union (ACU).

The country settled import payments worth \$1.99 billion with the ACU last week, plummeting the reserves to \$39.80 billion on July 12 for the first time in nearly two years.

The reserves stood at \$46.15 billion in December last year. The ACU is an arrangement through which participating countries settle import payments for intra-regional transactions.

Bangladesh, Bhutan, India, Iran, the Maldives, Myanmar, Nepal, Pakistan and Sri Lanka are members of the Tehran-headquartered ACU. The central banks of the countries have

to make the payments every two months. The reserves have been under-stressed in recent months as exports and remittance flow failed to keep pace with blistering import bills.

Between July and May last fiscal year, imports increased to \$75.40 billion, up 39 per cent year-on-year when exports grew 33 per cent to \$44.58 billion.

In addition, remittances contracted in 2021-22, the first time in six years, as many remitters opted for the informal channels to send their money. The inflow stood at \$21.03 billion.

The central bank is now injecting US dollars on a regular basis into the money market, helping banks settle import bills.

It supplied a record \$7.62 billion in the last fiscal year of 2021-22 and \$209 million in the current fiscal year.

Still, the BB has failed to stop the depreciation of the exchange rate of the local currency. The taka traded at Tk 93.45 to a dollar on Thursday compared to Tk 84.80 a year ago. ■



Govt's Food Procurement From Local Harvest Falling Short

Business Outlook Report

orkers are seen packing a mountain of paddy into sacks at a local market in Singra upazila of Natore. Although the government's paddy procurement drive began two months ago, results have been inadequate so far as farmers are getting better prices in local markets. Photo: Mostafa Shabuj

The government's paddy procurement drive is far below its target for this year even though two months have gone by since the process began at the end of April. The Directorate General of Food (DG of Food) could only procure one-fifth of its target to buy paddy grown in the immediate Boro season. In case of

milled rice, its performance is much better but still below the official target as of the end of June. The agency could procure 53 per cent of the targeted 11 lakh tonnes of grain used to build up public food stock and conduct distribution programmes under the state's various social safety net schemes.

It aimed to buy 70 per cent of the total rice procurement target by the end of June this year. However, the DG of Food has fallen behind as it could buy only 20 tonnes of wheat out of the 150,000-tonne target due to a lack of interest amid growers resulting from better market prices

compared to government rates. Farmers, millers and food officials said the high price of paddy and 14 per cent limit on moisture in the crop discourages many growers from taking their produce to purchase centres of the food office as most of them do not have the facilities to measure moisture content.

Abuld Mazid, a farmer in Gobindaganj upazila of Gaibandha, said growers are reluctant to sell at government rates as the current market price of paddy is higher. Besides, there is a lot of hassles in selling to the government as farmers have to have a bank account and reduce moisture levels in their

paddy to the permissible level. "In addition, production costs were higher this year so I would incur losses had I supplied my produce to the government warehouse," he added.

Echoing the same, Alamgir Kabir, the district controller of food in Naogaon, said they are lagging behind in procurement as the current market prices are higher than the government's purchase rate of Tk 27 per kilogramme (kg). "Due to unfavorable weather, rice production was bad and millers try to provide us low quality rice and we have to check it," he added. The government is buying parboiled

rice at Tk 40 per kg this year, which is below the current market price of the grain.

Naogaon is a major rice producing district in the country's northwest and the local food office has attained 49 per cent of its target to procure 49,400 tonnes by signing

contracts with millers.

has failed to get any wheat so far. Antara Mollik, district food controller of Gaibandha, said farmers in the region mainly grow coarse paddy that is priced around Tk 950 per maund, which is below the government's purchasing rate.



contracts with millers.

In case of wheat, Kabir said just a single farmer had sold one tonne of the crop to the state food office before the Russia-Ukraine war began.

"The market price of wheat was not as high at the time," he added.

Meanwhile, the district food office in Gaibandha has been able to buy 27 per cent of its total Boro paddy procurement target of 11,649 tonnes by June 27.

In regards to rice, it signed deals with millers to purchase 42 per cent of the 29,402-tonne target for the cereal grain. However, the local food office

"So, farmers are eagerly giving us this paddy and our progress is better than any district in Rangpur," she added.

Md Ashrafuzzaman, district food controller of Bogura, said his office will be able to achieve its procurement target as they have agreements with more than 1,200 millers in the region.

"Millers must supply rice to the state go-downs or else they will face penalties for their failure to comply with the rule," he added.

"Still though, it is difficult to arrange grains at the moment as farmers are getting better prices in local markets."

Md Belal Hossain, proprietor of the Bushara Auto Rice Mill in the Santahar area under Adamdighi upazila of Bogura, said they signed a contract with the food office to supply 1,390 tonnes of parboiled rice, of which they have already supplied

800 tonnes.

Md Raihanul Kabir, director of procurement at the DG of Food, said the government mainly wants to ensure fair prices for farmers and that the trend of rice procurement has been normal so far given previous trends. The DG of Food could not attain its paddy purchase goal from growers for the last two years and this would be the third year in a row if it fails to buy the planned 650,000 tonnes of paddy.

In case of rice procurement, it fell short of its target for the last three years since 2019, according to food ministry data.

The food office planned to

buy 70 per cent of the grains by June, 90 per cent by July and 100 per cent by August.

AMM Shawkat Ali, a former food adviser of the caretaker government, said the recent floods caused by recurrent rainfall might have affected the drying of paddy harvested in the May-June period.

"Realisation of the procurement target has become vital this year to build an adequate public food stock," he added.

Ali went on to say the government should go for reforms in the domestic procurement of paddy and wheat by increasing the moisture content requirement to 17 per cent from 14 per cent so that farmers can easily sell their grains to state go-downs.

Ali then said the government should allow private traders to import rice freely while also ensuring strict quality control.

The former food adviser also suggested the government consider importing in joint ventures with the private sector for domestic procurement.

As of July 3, food grain stocks in state warehouses stood at Tk 16.25 lakh tonnes, up 11 per cent year-on-year. ■



Call Money Demand High Before Eid

Business Outlook Report

The demand for liquid cash has surged in the banking sector with the banks' daily average borrowing from the call money market increasing by 48.42 per cent or Tk 3,043.4 crore in three days up to July 5 before Eid-ul-Azha compared with that in the previous week.

Eid-ul-Azha, one of the biggest religious festivals of the Muslims, was celebrated in the country on July 10.

Bankers said that the demand for liquid cash increased ahead of Eid amid spike in the festival-centric business and economic activities.

It is a common phenomenon in the country's banking system, they said, adding that the banks needed to pay much higher liquid cash to their customers than the regular amount before Eid-ul-Fitr and Eid-ul-Azha, the two major festivals of the Muslims.

To meet the instant cash demand, many banks have to borrow money

from other banks holding more than required cash in their vaults, they said.

Bangladesh Bank data showed that the banks' daily average borrowing from the call money market was Tk 6,285.3 crore between June 26 and June 30, but the amount increased to Tk 9,328.7 crore between July 3 and July 5.

The average call money rate rose to 4.88 per cent on Tuesday while the highest rate in the previous week was 4.62 per cent.

The situation, however, was different before Eid-ul-Fitr and Eid-ul-Azha in 2021 when the country was passing through high infections of Covid-19 and restrictions to tackle the pandemic, and so Eid-centric economic activities were limited.

Before the two occasions, borrowing of the banks from the call money market was around Tk 3,000 crore. Injection of a huge amount of money into the banking system

through several refinance schemes and stimulus packages by the central bank after the Covid outbreak was the main reason for the low cash demand.

Due to the injection of a huge amount of liquidity into the banking system by the central bank, the excess liquidity in the banking system rose to a record high of Tk 2,31,463 crore in June 2021 from Tk 1,03,358.12 crore in January 2020.

To get rid of the excess liquidity to contain inflation, the central bank mopped up money from the banking system throughout the financial year 2021-2022.

As a result, the amount of excess liquidity in the banking system dropped to Tk 1,86,596.04 crore in April 2022.

The amount would decline even further in the current financial year 2022-2023 as the central bank has announced a contractionary monetary policy to tame inflation. ■



Bangladesh, Argentina To Strengthen Economic Ties; MoU On FOC Signed

Business Outlook Report

Bangladesh and Argentina want to strengthen the relations on all fronts including a robust trade relation with opening of an Embassy of Argentina in Dhaka soon. Bangladesh and Argentina on July 12 signed a Memorandum of Understanding (MoU) on Foreign Office Consultation (FOC) at State guesthouse Padma. The MoU was signed in presence of Foreign Secretary Masud Bin Momen, by Sabbir Ahmed Chowdhury, Secretary (West), Ministry of Foreign Affairs, Bangladesh and Claudio Javier Rozenzwaig, Undersecretary of Foreign Policy of the Ministry of Foreign Affairs, International Trade and Worship of Argentina.

"It is a good and important day for our relations," Caludio told reporters after the signing ceremony. He said they are "actively considering" possibilities of opening an Embassy here. The process I think will finish by next year. We are considering it very actively." The Undersecretary said there are lots of possibilities and it is important to have more exchange and cooperation in commercial area. He said Bangladesh economy has grown significantly over the past decade and Argentina is glad to see Bangladesh's growing

economy. Foreign Secretary Masud Momen said Bangladesh-Argentina relations are very deep and the two countries are celebrating 50 years of relations. "We had a very good meeting." He said they have some plans to strengthen the relationship and to take it forward with more exchanges.

PTA with Bangladesh

Ambassador of the Argentine Republic to India, Bangladesh, Nepal, Bhutan, Sri Lanka and Maldives Hugo Gobbi has suggested signing of a Preferential Trade Agreement (PTA) between Bangladesh and MERCOSUR, the Southern Common Market comprising Brazil, Argentina, Paraguay and Uruguay.

The ambassador said the free trade agreement (FTA) negotiations might take a long time whereas PTA takes a much shorter period, according to FBCCI. Claudio Rozenzwaig, Undersecretary of Foreign Policy of the Ministry of Foreign Affairs, International Trade and Worship of Argentina shared the information with FBCCI President Md. Jashim Uddin during a meeting on Monday at a city hotel. Claudio Rozenzwaig is leading an Argentine delegation

visiting Dhaka and expressed interest in boosting bilateral relations on all fronts, according to FBCCI.

He also invited FBCCI to lead a business delegation to Argentina to attend business to business meetings on potential sectors. Federation chief Jashim Uddin stressed on establishing institutional partnership between the private sectors of two countries and proposed signing MoU between FBCCI and counterpart in Argentina to enhance trade engagements. To harness the trade potentials of Bangladesh with Latin America, Jashim Uddin also sought the support of Argentina government to expedite the process of signing FTA between Bangladesh and the MERCOSUR- the Southern Common Market comprising Brazil, Argentina, Paraguay and Uruguay.

The region is equipped with significant dynamic markets and they can source quality products from Bangladesh including processed food, pharmaceuticals, plastic, ceramic, RMG etc at competitive prices, he added. He also invited the investors of Argentina to invest in the Economic Zones of Bangladesh. Franco Agustín Senilliani Melchior, Head of Economic and Trade Section of the Embassy of the Argentine Republic in India said textile is one of the major import items of Argentina which the country sources from other Asian countries. Bangladesh should also consider the country as a potential market for textile and plastic items.

Mariano Beheran, Agricultural attaché of Embassy of the Argentine Republic in India cited that Argentina can provide agriculture technology and know-how support including seed technology to increase Bangladesh's capability in the sector. He also suggested that Bangladesh can import cotton, milk powder and garlic from Argentina. Shabbir Ahmad Chowdhury, Secretary (West), Nayem Uddin Ahmed, Director General (Americas), Tarique Mahmud Pasha, Assistant Secretary (Americas) of Ministry of Foreign Affairs Bangladesh also joined the meeting.

They proposed collaboration in renewable energy between Bangladesh and Argentina. Md. Amin Helaly, Vice-President of FBCCI, Abul Kasem Khan and Amzad Hussain, Directors of FBCCI, Mohammad Mahfuzul Hoque, Secretary General of FBCCI were also present at the meeting. ■



125 Firms To Import 2.5 Lakh Tonnes Of Rice

The government has permitted 125 companies to import a total of 246,000 tonnes of rice in order to cool down the domestic market for the staple grain in Bangladesh.

The fresh decision came just four days after it allowed 95 other food companies to import 409,000 tonnes of rice.

The firms have been asked to bring the rice – 204,000 tonnes of non-basmati boiled rice and 42,000 tonnes of non-boiled atap rice -- by August 17, according to a food ministry notice issued recently.

The companies were asked to open the letters of credit (LCs) by July 25. If they fail to comply, the import permissions would be cancelled, it said.

The importers have been asked to inform the district food offices about how much rice is to be imported, sold and stored.

Traders will have to sell the rice in the same bag that

would be used to import the grain, said the food ministry.

The National Board of Revenue (NBR) cut the duty on rice imported between June 22 and October 31 to 25.75 per cent from 62.5 per cent to facilitate the purchase of the cereal from international markets as prices have risen in the local market.

Fine rice is being sold for between Tk 64 and Tk 80 per kg in the kitchen markets in Dhaka today. The prices were up 7.46 per cent from a month ago, according to the Trading Corporation of Bangladesh (TCB).

Prices of coarse rice remained unchanged in the past one month, TCB data showed.

In order to avail the tax waiver, importers will have to take permissions from the food ministry for every shipment, according to the NBR. ■



Power Outage: Why We're Paying The Price

Apu Ahmed

Power outages have returned to disrupt life and business although the country's power generation capacity has almost doubled over the years.

Unwanted But Inevitable

Experts said that such an unwanted situation was all but inevitable as the power generation policy of the present government was not sustainable and economically viable. Lack of availability of primary fuel at cheap prices forced the government to admit that it will shed around 2,000 megawatts load in supply of power until September. At a briefing on the eve of the Eid festival, prime minister's adviser for power, energy and mineral resources Tawfiq-e-Elahi Chowdhury said the power cuts will continue for the next one and a half months.

Blackout Amid Overcapacity

Such a government announcement came in the backdrop of the load-shedding over 1,400MW on July 5. Against the demand for 12,948MW, the country's power plants could produce 11,548MW. The power cuts brought forth the memories of 2005-06 when blackouts for at least one fourth part

of the day were common in big cities. The situation was worse in villages in those days because of lack of generation capacity in absence of power plants. But now the country has many power plants with generation capacity hitting around 25,000MW against the peak demand of over 14,000MW. Still, the country has to experience load shedding that according to businesses is terror.

Power Austerity

Several recommendations have already been reviewed by the government to save around



Prime Minister's Energy Advisor Dr Tawfiq-e-Elahi Chowdhury speaks at a press briefing on power supply situation

1,500MW and keep the loading-shedding within 500MW in the next few months. The public office hours may be reduced while doing office duty at home may also be introduced like that of the Covid period. Suggestion for reducing air conditions usage is also under consideration. Meanwhile, the



Cabinet Division in a circular has imposed a ban for an indefinite period on the illumination at all sorts of events at homes, community centres, shopping malls and both government and private-sector offices as part of the government's austerity in the use of power. Keeping shops, shopping malls, markets and industrial establishments shut after 8:00pm every day began from June 20.

Impacts

The power cut has hampered life since many households are accustomed to electrical home appliances like air coolers, washing machines and microwave ovens. The greater impact has fallen on manufacturing and production businesses. Abdul Matlub Ahmed, a former president of the Federation of Bangladesh Chambers of Commerce and Industries, said that the business activities were also being disrupted amid frequent power cuts. To the industry and manufacturing sector power cut is a terror, he said, adding that it would drop productivity and increase production costs. He added that inflationary pressure at the domestic level and loss of competitiveness in the international market would be the other impacts of power supply shortage. FBCCI president Md Jashim Uddin called for power rationing to keep the production uninterrupted. He also called for a short, medium and long-term roadmap to ensure energy security at the third meeting of the standing committee on Power, Energy and Utilities of the organisation.

Experts Criticise Govt

While the government is blaming the price hike of liquefied natural gas in the international market

behind the shortfall in power generation, experts are saying the government cannot avoid responsibility for the present crisis in power generation. State minister for power, energy, and mineral resources Nasrul Hamid said that the supply of gas to the power plants dropped to 900mmcf against the demand of around 1,600mmcf. The price of liquefied natural gas, which has been imported since 2018 to feed the power plants, rose to \$41 per unit from the previous \$4, he said. He also said that huge pressure on the economy would be created if the LNG was imported at the present price hiked substantially because of the ongoing war between Russia and Ukraine. The government has stopped purchasing LNG from the spot market since June 21. There are 152 power plants while 60 per cent of the current power generation is based on gas.

LNG Import Backfires

Too much dependence on the import of liquefied natural gas suspending the exploration domestic of gas has misfired, said former Bangladesh University of Engineering and Technology chemical engineering professor Ijaz Hossain. According to Professor Badrul Imam, former Dhaka University geology teacher, 90 per cent of the country's power was generated once with domestic gas. The amount fell to 50 per cent nowadays. Experts noted that the country could have averted the present situation had the government maintained the production of gas achieved at over 2700mmcf in 2016. The production of gas has dropped since 2018, they lamented. Consumer association of Bangladesh senior vice-president and energy adviser Shamsul Alam



*State Minister for Power, Energy and Mineral Resources
Nasrul Hamid*

observed that the country's energy security was at stake due to the government policy of importing gas that benefits certain quarters. He criticised the government for extending the tenure of costly fuel oil-fired rental plants.

Govt Energy Policy Contains Flaws

National committee to protect oil, gas, mineral resources, power and ports on July 8 expressed concerns over the recent countrywide load

shedding due to shortage of power generation. The steering committee of the combine held a meeting at the central office of the Communist Party of Bangladesh in which the committee members said that the wrong policies of the government were responsible for shortage of power generation. The committee and the experts advised that the government should put emphasis on getting more gas by exploring new gas wells in the country. But the government was interested in generating power based on imports. The power sector of the country was engulfed in corruption. Demands were made to publish a white paper on the power sector and ensure exemplary punishment for the people involved in corruption.

Corruption

A report released by Transparency International

Bangladesh in May detected corruption worth Tk 390.49 crore in land dealings by the three studied power projects – 350MW Barishal coal-fired power plant in Barguna, 1320MW Banshkhali coal-fired power plant in Chattogram and 600MW Matarbari LNG-based power plant in Cox's Bazar. The Barishal power plant has been accused of corruption worth Tk 15.60 crore while the Banshkhali plant worth Tk 255 crore and the Matarbari plant worth Tk 119.45 crore in dealing with the land they acquired. The power plant authorities either misappropriated money meant to be distributed among people displaced by the construction of their plants or realised a large sum in commission from the displaced people. Many said TIB findings are just the tip of the iceberg. ■



Chevron Steps In To Help Flood-Hit People Of Sylhet

Business Outlook Report

Chevron Bangladesh, the largest producer of natural gas in the country, has extended its support to flood-hit people of three districts of Sylhet division as part of the company's corporate social responsibility.

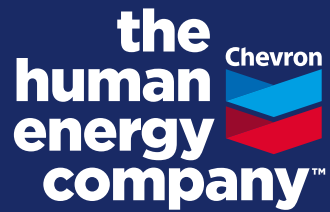
To support the flood-hit people of Habiganj, Sylhet and Sunamganj

districts, Chevron Bangladesh recently provided one week's emergency supplies to around 14,000 families and additional 240,000 oral saline and water purification tablets.

Chevron Bangladesh provided support to the affected families currently staying in the flood shelters in the three districts in collaboration with local administra-

tors and relief committees of the flood-affected areas.

Muhammad Imrul Kabir, director of corporate affairs in Chevron Bangladesh, said: "As a socially responsible organisation, we must stand by the flood-affected families at this critical time. If we all work together, we can alleviate the suffering of the affected community." ■



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An Eid Of Costly Sacrificial Animals And Cheap Rawhides

Apu Ahmed

The prices of sacrificial animals rose significantly in the recently concluded Eid Ul Azha which again proved to be a boon for hide traders as they continued to enjoy the benefit of availability of cheap rawhide.

Double Digit Growth

According to the ministry of fisheries and livestock, at least 10 per cent more animals were slaughtered this year than 2021. Its officials called the just concluded Eid festival a successful one when 99,50,763 animals were slaughtered compared to 90,93,242 last year. The number of sacrificial animals recorded double digit growth despite the country's macroeconomy being under pressure as Russia's invasion of Ukraine is making the global energy market volatile. Bangladesh is

bearing the brunt of high prices of energy items. There was an appre-

hension that the high inflation hitting eight-year high at 7.4 per



cent in May might work as a negative factor for the celebration of this Eid ul Azha and its main feature of sacrificing animals, mainly cows and goats. Besides, the entire Sylhet region was badly hit by flash floods.

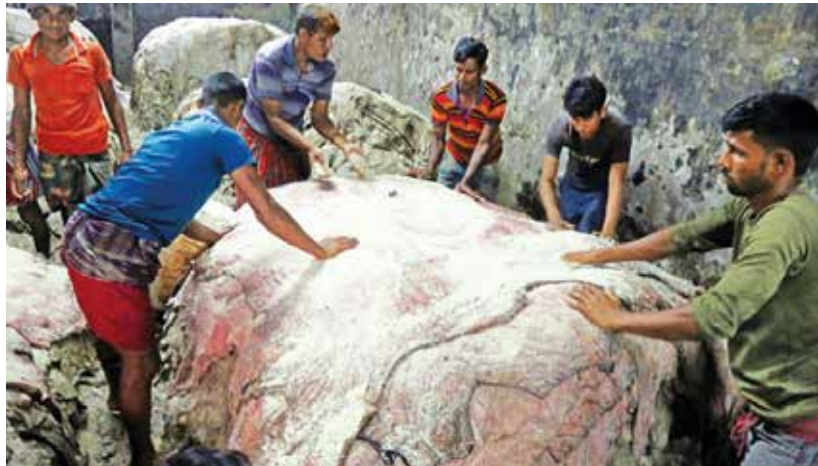
Dhaka Tops in Number

The livestock ministry made the calculation on the basis of sacrificial animals sold at 4,407 markets across the country. Its officials said their count was excluded from the sacrificial animals purchased directly from farm houses. The number of cows and buffaloes sacrificed were 46,29,436 and the number of goats and sheep was 42,20,820. According to the ministry, the highest number of 25,00,000 animals were sacrificed in the Dhaka division. The highest number, 21,00,000 cows and buffaloes, was sacrificed in the Chattogram division. The flood affected Sylhet Division held the second bottom place ahead of Mymensingh in the ranking based on the number of sacrificial animals slaughtered. Anyway, people nowadays put little faith in the government statistics since there are allegations of data manipulation by its agencies for showing successes of the government.

Traders Rush To Dhaka

The livestock ministry also calculated that there were around 12.1

of 97,75,000. Of course, there was a shortage of 15,37,000 animals in Dhaka division, 22,000 in Chatto-



gram, and 2,00,000 in Sylhet. There was a surplus of 25,00,000 sacrificial cattle in the Rajshahi division, 4,78,000 in Khulna, 1,76,000 in Barishal, 7,67,000 in Rangpur, and 1,84,000 in Mymensingh. Naturally, cattle farmers and traders rush from Rajshahi and Rangpur to Dhaka for higher profit. Unlike the Covid hit 2021, prices of sacrificial animals rose sharply in this year. People had to pay a higher price for sacrificial animals in the current season. They believe that an ox sold at Tk 80,000 this year was available at Tk 65,000 in the last year.

Price Hike of Cows

High inflation has taken a toll on

making it difficult for small farmers to raise cattle. The farmers said the prices of cattle feed such as wheat

bran, rice bran, oil cake, maize, Indian peas and molasses had increased two to three-fold. For instance, the price of maize has doubled in the past year -- from Tk 17-18 per kg in 2021 to Tk 33-34 per kg this year. Similarly, wheat bran now costs Tk 60 per kg, up by 100 per cent from last year's price. Khail (oil cake) was available for Tk 32 a kg and Indian peas for Tk 34-36 per kg in 2021. This year, Khail is being sold at Tk 50 per kg and Indian pea at Tk 55-60 per kg. According to the Feed Industries Association of Bangladesh, the annual demand for animal feed here is around 6.4 million tonnes of which poultry accounts the highest 60 per cent, followed by fish (25 per cent) and cattle feed (15 per cent). The prices of these products have been rising for more than a year now. Besides, transportation costs have also increased following diesel price hike by Tk 15 in November last year.

No Rise in Rawhide Prices

While the people paid high prices for sacrificial animals, traders have not given due prices for rawhides. The Eid Ul Azha provides an opportunity for the businessmen to collect almost half of the annual demand of rawhides. For the last several years, traders are capitalising on growing



million suitable animals for sacrifice in the country, against the demand

cattle farmers. The prices of fodder marked a sharp rise since March,



supply of rawhides. Since last year, the government has lifted a three-decade-old restriction on export of semi-processed leather. But prices of rawhides do not increase so much that orphanages, social organisations and religious institutes can benefit from them. The number of beneficiaries out of the ritual of sacrificing animals is not growing because of unfair prices of rawhide. If the prices of rawhide increased like that of other products, the poor people would get a higher amount of money since most of the rawhides are donated to charity entities.

Tanners Are Happy

Anyway, Bangladesh Tanners Association has targeted collecting one crore pieces of rawhide. Of them, they have collected 4,00,000 rawhides on the Eid day mainly from the capital. These are without salt. The traders now collect salted rawhides from other parts of the country. BTA General Secretary Md Sakhawat Ullah said there was no news of rawhides getting damaged anywhere. This time everyone was ready. Rawhides have been bought in Dhaka at Tk 750-800, he said. Traders also said a small-sized cow hide was sold at Tk 100 only while goat skins were sold at throwaway prices. Traders in Chattogram had set a target of collecting 4,00,000 pieces of rawhides. Those are being preserved with salt. After 15 to 20

days, traders will sell the rawhides to the tannery owners in Dhaka. The tanners have been provided loans for purchasing rawhides. The amount of loan believed to be around Tk 433 crore, of which four state-owned banks-- Sonali, Janata, Agrani and Rupali--were supposed to provide Tk 258 crore.



Exports Rise

Leather, leather goods and footwear exporters are also getting the benefit. The exports hit a 10-year-high in the just concluded financial year, thanks to growing orders. Exports were at a record high of \$1,245 million in fiscal 2021-22 as importing countries reduced their dependency on China and other producing nations amid the Covid-19 pandemic. Besides, there are new products and innovations in the local industry. Exports were at their

lowest point in the last decade during fiscal 2012-13, when \$979 million worth of leather products were shipped abroad. The last time exports came close to the current record was in fiscal 2016-17, when international buyers purchased \$1,234 million worth of leather products from the country, as per data from the Export Promotion Bureau.

Leather Industry Below the Potential

However, the country's leather industry has remained far below its potential. Despite an abundant supply of rawhides, the industry has been facing problems due to the environment issue. Most Bangladeshi companies have no compliance certificates from the UK-based Leather Working Group. One of the major drawbacks for them is to acquire environmental certificates

for the local Department of Environment. They have been denied the certificate since the effluent treatment plant at the Savar leather industrial village has not worked properly due to failure by the Ministry of Industries to set it up correctly by a Chinese contractor. ■



Oil Slides On Strong Dollar And Weaker Demand Outlook

Business Outlook Report

Oil prices fell on July 12 on a strong dollar, and expectations of weakening demand due to fresh COVID-19 curbs in top world crude importer China and fears of a global economic slowdown.

Brent crude futures fell \$2.32, or 2.2%, to \$104.78 a barrel, while U.S. West Texas Intermediate crude was at \$101.46 a barrel, down \$2.63, or 2.5%. Both contracts fell by about 3% earlier. The euro sank on Tuesday, trading at near parity with the dollar, and stock markets fell as the prospect of further central bank tightening and worries about the health of economies worldwide unnerved investors.

As oil is priced in dollars, a stronger greenback usually weighs on oil prices because it makes the commodity more expensive for holders of other currencies. "In the West, the combination of high energy prices and rising interest rates is fuelling concerns about a recession that would have a serious impact on oil demand," Commerzbank said.

Renewed COVID-19 mobility curbs in China were also weighing on prices, the bank said.

Multiple Chinese cities are adopting fresh COVID-19 curbs, from business halts to lockdowns, to rein in new infections as the highly infectious BA.5.2.1 subvariant appears in the country. U.S. President Joe Biden would

make the case for greater oil production from OPEC when he meets Gulf leaders in Saudi Arabia this week, White House National Security Adviser Jake Sullivan said.

"Little hope is being assigned to Biden's visit to Saudi Arabia unlocking more production from them or the UAE," said Jeffrey Halley OANDA's senior market analyst for Asia Pacific said in a note.

Spare capacity within the Organization of the Petroleum Exporting Countries is running low, with most of the producers pumping at maximum capacity. U.S. Treasury Secretary Janet Yellen is in Asia to discuss ways of further strengthening sanctions on Moscow, including setting a price cap on Russian oil to limit the country's profits and help lower energy prices. [read more](#)

International Energy Agency Executive Director Fatih Birol said any price caps on Russian oil should include refined products. "My hope is that the proposal, which is important to minimise the effect on the economies around the world, gets buy-in from several countries," Birol told Reuters in an interview on the sidelines of the Sydney Energy Forum. [read more](#)

Western sanctions on Russia over the war in Ukraine, which Russia calls a "special military operation", have disrupted trade flows for crude and fuel. ■



Mr. M. Kamal Hossain, Managing Director of Southeast Bank Limited, receiving an award from Mr. Fazle Kabir, Governor, Bangladesh Bank, for "Sustainable Rating 2021" at a ceremony organised by Bangladesh Bank as one of the top ten banks. ■



The 342nd meeting of the Board of Directors of Shahjalal Islami Bank Limited (SJIBL) was held recently at Corporate Head Office of the Bank. The meeting was presided over by Chairman of the Board of Directors Mr. Mohammed Yunus. Vice chairmen, directors and Managing Director & CEO Mr. M. Shahidul Islam, attended, among others. ■



Islami Bank Bangladesh Limited provided trolleys to Bangladesh Railway for carrying luggage of passengers at Kamalapur Railway Station. Railway Minister Md. Nurul Islam Sujon, MP, formally received the trolley from Mohammed Monirul Moula, Managing Director & CEO of IBBL, at Kamalapur Railway Station. Dharendra Nath Mazumder, Director General, Bangladesh Railway, was present on the occasion. ■



National Life Insurance Company Ltd (NLI) celebrated 38th founding anniversary on Sunday. Planning minister MA Mannan MP attended the programme on digital platform as the chief guest. Morshed Alam MP, chairman of the company, presided over the event, held at city's Bangabandhu International Conference Centre. Industries minister Nurul Mazid Mahmud Humayun MP, BSEC chairman Professor Shibli Rubayat-ul Islam, secretary of Financial Institution Division of Finance Ministry Sheikh Mohd Salim Ullah and IDRA chairman Mohd Joinul Bari attended as special guests. ■



Pubali Bank Limited has been ranked among the top 10 sustainable banks. Fazle Kabir, Governor of Bangladesh Bank, handed over the crest and certificate to Safiul Alam Khan Chowdhury, Managing Director and Chief Executive Officer of Pubali Bank, at a function titled 'Sustainability Rating Recognition Ceremony' organised at the head office of Bangladesh Bank recently. ■



Md. Khalid Mahmood Khan, Deputy Managing Director & CBO of Mutual Trust Bank Limited (MTB), received a certificate & crest as one of the top ten sustainable banks of Bangladesh by Bangladesh Bank based on its performance in 2020 from Fazle Kabir, Governor of Bangladesh Bank. ■



Bangladesh Bank has recognized The Premier Bank Limited as one of the best sustainable banks in Bangladesh. Fazole Kabir, immediate past Governor of Bangladesh Bank, handed over the certificate of recognition to Sayed Abul Hashem, FCA, FCMA, DMD and CFO of Premier Bank, at a programme held at Bangladesh Bank recently. ■



Sonali Bank Staff College arranged a five-day training course titled 'Special course on banking for Anti-Corruption Commission officers'. Sonali Bank Limited CEO and Managing Director (Additional Charge) Md Murshedul Kabir handed over certificates to the trainees as the chief guest at the closing ceremony of the training. Principal of the college Begum Aklima Islam presided over the programme. ■



City Bank has signed an agreement with IFAD Group for Employee Banking facility recently. The higher management of IFAD group will also avail Citygem Priority banking facilities under this agreement. Sheikh Mohammad Maroof, Additional Managing Director & Chief Business Officer of City Bank, and Taskeen Ahmed, Group Deputy Managing Director of IFAD Group, signed the agreement on behalf of their respective organisations at the IFAD Tower at Tejgaon in Dhaka. ■



Md. Sabbir Hossain, Deputy Managing Director & COO of BRAC Bank, received one of Bangladesh's top 10 sustainable banks award from Bangladesh Bank Governor Fazole Kabir recently. ■



BRAC Bank signed an agreement with DreamStart Labs, a USA-based fintech software company, to provide technology for microfinance institution (MFI) partners and community-led savings groups in managing their financing operations. BRAC Bank's Deputy Managing Director & Head of SME Banking Syed Abdul Momen and DreamStart Labs CEO Wes Wasson signed the agreement on behalf of their respective organisations at the bank's head office in Dhaka recently. ■



IFIC Bank Ltd conducted a month-long intensive training programme for Small and Medium Enterprise (SME) entrepreneurs under the Entrepreneurship Development Programme (EDP) of the Skills for Employment Investment Programme (SEIP) Project with the support of Bangladesh Bank. Presided over by IFIC Bank DMD & Chief Credit Officer Shah Md. Moinuddin, Mohammed Yasin, Additional Secretary, DEPD (Public), attended the programme as the chief guest, held at IFIC Tower recently. ■

Export Of Leather Goods Hits Decade High

Business Outlook Report



Leather, leather goods and footwear exports from Bangladesh reached a 10-year-high in the just concluded fiscal year thanks to the arrival of orders that shifted away from competitors, according to industry players.

Exports were at a record high of \$1,245 million in fiscal 2021-22 as importing countries reduced their dependency on China and other producing nations amid the Covid-19 pandemic.

Besides, there are new products and innovations in local industry, they said. Exports were at their lowest point in the last decade during fiscal 2012-13, when \$979 million worth of leather products

were shipped abroad. The last time exports came close to the current record was in fiscal 2016-17, when international buyers purchased \$1,234 million worth of leather products from the country, as per data from the Export Promotion Bureau.

Ziaur Rahman, managing director of Bay Footwear, said several orders from Indonesia, Vietnam and Cambodia had shifted to Bangladesh due to the coronavirus crisis, specifically during the second wave in 2021.

"That's why Bangladesh has seen such an unusual hike in exports but this will decrease to some extent in the coming days," he added. Rahman then said growth in the next few quarters could be slow as their main buyers are from the US, where inflation has increased considerably.

"There is also over stocking as many products have remained unsold since the start of the pandemic." Md Saiful Islam, president of Metropolitan Chamber of Commerce and Industry, said the last two fiscal years were an unusual time for Covid-19.

"But we did not face any factory disruptions during pandemic and this gave a positive message to customers." Buyers are reducing their depen-



dence on China considering the current state of the global economy, which is recovering from Covid-19 at a time when the Russia-Ukraine war has disrupted the global supply chain.

"And we got some of the positive benefits," added Islam, also managing director of Picard Bangladesh. Islam, also a former president of the Leathergoods and Footwear Manufacturers and Exporters Association of Bangladesh, went on to say that new innovations have been introduced in the domestic industry.

"We have developed new products and I think that's why we have had good growth." Islam said every single factory in the industry has increased their

production capacity and efficiency.

Shaheen Ahamed, chairman of the Bangladesh Tanners Association, said international buyers have increased their selling prices by 20-25 per cent at retail and so, this had a positive impact on export receipts.

There are about 60 local leather goods companies in Bangladesh, including Apex Footwear, Jennys Shoes and Bay Footwear, that export various items mainly to Japan, the EU and to some extent, the US. Leather goods are one of the top three highest export earning sectors of the country.

Meanwhile, the government is drawing up a ten-year perspective plan that includes a target to increase the leather sector's export earnings to \$10-\$12 billion by 2030.

The global leather goods market size is anticipated to reach \$624.08 billion by 2028, registering a CAGR of about 5.9 per cent over the forecast period, according to a report by Grand View Research. ■



Extra Cash Incentive Planned For Non-Cotton RMG Exports

Business Outlook Report

The government could pay additional incentives to the exporters of non-cotton apparel items in order to help them offset the severe impacts of the Russia-Ukraine war on the shipment of garment items. A file from the commerce ministry was sent to the finance ministry a few days ago, recommending at least 5 per cent additional cash incentive for the shipment of non-cotton garment items, which are made from man-made fibre (MMF).

The aim is to give some relief to exporters facing difficulties owing to the war, said Tapan Kanti Ghosh, senior secretary of the commerce ministry. The move came after the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) sent a letter to the commerce ministry, demanding a 10 per cent cash incentive on the export of non-cotton garment items as the demand for MMF-made apparel products is growing worldwide and the prices are also better than cotton-based ones. In a letter to

the commerce ministry, the association also pointed out the importance of producing a diverse range of products and high-value items to remain competitive in the post-LDC era. "So, it is the right time to pay an additional cash incentive on the export of MMF-made garments in order to accelerate garment shipment from Bangladesh and overcome the impacts of the war," Ghosh said. The decision about the new cash incentive will come into effect very soon since it is being noticed that orders are declining in some destinations because of higher inflation, the senior secretary said.

Last week, Achim Troster, German Ambassador to Bangladesh, also said the prolonged war, energy crisis and rising inflation are likely to slow Bangladesh's present export momentum to Germany in the days to come. Inflation in Germany recently hit a 50-year high of 8 per cent. Inflation, along with the increasing energy price, will squeeze the purchasing power of German

consumers and prompt them to spend less on consumer goods like readymade garments and leather, Troster said. Germany is not the lone country that is suffering from higher consumer prices. In the US, inflation accelerated to a fresh 40-year high of 8.6 per cent in May and it was 8.1 per cent in the eurozone – the two biggest export destinations of Bangladesh. Inflation is also running high in other major markets such as the UK, Spain, France, Canada, and Italy. Garment exports from Bangladesh to Germany, the second-largest export destination for Bangladesh after the US, stood at \$5.95 billion in the fiscal year of 2020-21 and to the US market \$6.97 billion.

Despite the gloomy global outlook, exports from Bangladesh hit an all-time high of \$52.08 billion in the just-concluded fiscal year. Garment shipment clocked 35.47 per cent year-on-year growth, netting \$42.61 billion. In June, the shipment stood at \$4.908 billion, the highest ever on record in a single month,

rebounding from a nine-month low of \$3.83 billion registered in May. "We need to maintain the export growth. So, we are going to introduce this special incentive," Ghosh said. Currently, the government pays a 5 per cent cash incentive on the sales of garment items made from locally spun yarn, a 1 per cent additional incentive for exports in all markets and a 4 per cent cash incentive in non-traditional markets. Bangladesh considers all markets as non-traditional except the US, the EU, the UK and Canada.

Faruque Hassan, president of the BGMEA, said the demand for non-cotton garment items is rising thanks to the change in fashion and styles. For example, of the total garment items produced in the world, 78 per cent are made from

MMF and the rest 22 per cent are cotton-made. In Bangladesh, the picture is opposite. From Bangladesh, of the total garment items shipped, 74 per cent is made from cotton fibre and the rest is manufactured from the non-cotton fibre. The price gap between cotton and MMF-made items is also large. For instance, if a cotton-made garment item is sold at \$5 apiece, the asking price of an MMF apparel item is \$10. "As a result, our exporters are getting very low prices," Hassan said.

"So, any form of incentive at the time of the war will definitely help the sector grow," he said, urging the government to continue such incentives at least until 2026, the year when Bangladesh is set to graduate from the group of least-de-

veloped countries to finally become a developing nation. China dominates the \$700-billion global market of MMF-made garments.

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association, called for changing rules on the import of raw materials of non-cotton items apart from extending the cash incentive in order to make the shift to MMF.

The government has halved the value-added tax on the sales of MMF to Tk 3 per kg from Tk 6 and extended the 15 per cent corporate tax rate for the textile sector up to 2025 to help the sector grow.

Entrepreneurs have so far invested \$20 billion in the primary textile sector. ■



286 ISPs To Be Disconnected

Business Outlook Report

The telecom regulator has recently directed International Internet Gateway (IIG) service providers to disconnect bandwidth connections of 286 internet service providers (ISP) for not converting their licences in accordance with guidelines.

According to the regulatory and licencing guidelines for internet service

providers (ISP) of Bangladesh published in December 2020, the existing ISP licensees had to convert their existing licences to four new categories by December 2021.

However, Bangladesh Telecommunication Regulatory Commission (BTRC) in a letter to the IIG service providers, said the 286 had not converted their licences to the new categories. The telecom

regulator also warned that if the IIG service providers provided any new connection to the 286, legal steps would be taken as per the telecom act. An IIG serves as an internet gateway for routing international incoming and outgoing internet-based data traffic.

The new categories are nationwide ISP licence, divisional ISP licence, district ISP licence and

upazila/thana ISP licence. Md Emdadul Hoque, president of the Internet Service Providers Association of Bangladesh (ISPAB), said over 40 per cent of the 286 now either do not operate or operate on a very limited scale.

"We have informed all of the members for conversion of licences but they didn't do it," he said.

He said the regulatory action was duly being taken against ignorance and negligence.

"The regulator has given enough time, so we (association) have nothing to say on it," he added.

Moshiur Rahman, chief marketing officer at Fiber@home, an IIG operator, said they have already taken action after receiving a directive from the BTRC. ■



Western Firms Struggle To Exit Russia

Business Outlook Report

For foreign companies still working out what to do with their stranded Russian assets, President Vladimir Putin's seizure of a major oil and gas project is a powerful warning: Move fast or else.

Companies have been wrestling with how to exit in ways that limit the financial impact, do not put employees at risk and, in some cases, offer the opportunity to return in future.

Finnish coffee boss Rolf Ladau was one of the early movers. When Western governments started slapping sanctions on Russia following its invasion of Ukraine in late February, the CEO of Paulig realised the coffee roasting business there was no longer viable. Coffee wasn't on sanctions lists, but it was almost impossible to get beans into Russia as freight companies stopped

shipping to and from the country. Paying in roubles was getting harder. Two weeks into the conflict, Ladau decided Paulig would leave, and two months later it did what usually takes as long as a year - find a suitable buyer and seal a deal. In May, Paulig sold its Russian business to private Indian investor Vikas Soi.

More than a thousand Western companies have joined a corporate exodus from Russia - unprecedented in its scale and speed - as they scramble to comply with sanctions and amid threats of retaliation from the Kremlin.

But Paulig is one of a relatively small number that have sold assets or handed over the keys to local managers. A Reuters tally shows fewer than 40, including McDonald's Societe Generale and Renault, have announced deals. Interviews with half a dozen executives at

companies who have divested assets show the complexity and uncertainty of selling at speed and hefty discounts - and why it may be taking many so long.

The obstacles are huge: confusion has swirled over what the Kremlin would allow foreign companies to do; staff are nervous after government threats of retaliation; sanctions have limited the pool of buyers and there is little time to check them out; sales prices have been steeply discounted; and negotiations are being done virtually because fears of reprisals make it too risky to visit Russia in person.

With Moscow preparing a new law that is expected to come into force soon allowing it to take control of the local businesses of Western companies that decide to leave, the stakes are getting higher. "If you haven't started the process already or

if you still have doubts about it, then it's going to get harder," Ladau told

moral-ethical issues are so serious that we have no room to return to

Russia and international consultants with knowledge of the country to find and vet suitors – making sure they are legitimate, not on sanctions lists and have the financial credentials.



Privately-owned Finnish food company Fazer signed a deal as early as April, selling its Russian bakery business to Moscow-based rival Kolomenskij Bakery and Confectionery Holding.

The speed belies the complications. At first, Russia threatened to ban exits of listed foreign companies. When the company asked for clarification, its local legal advisers said it could have been a mistake.

The rules could change at any time.

"So, everyone was in a terrible hurry," said Sebastian Jagerhorn, head of legal affairs and compliance.

Lara Saulo, who runs the bakery

Reuters, speaking before Putin's swoop on the Sakhalin oil and gas project.

"Russia has no interest in letting foreign companies out of the market easily." Many Western firms have run into problems trying to leave.

Burger King halted corporate support for its Russia outlets in March, but the fast-food chain's roughly 800 restaurants are still open. Lawyers say part of the problem is the complexity of its joint venture-style franchise agreement.

UniCredit has disposed of some assets via swaps but has had to widen the search for potential buyers to countries such as India, Turkey and China. Four months in, there's little sign companies have found a blueprint for extricating themselves. Renault sold its share of a lucrative joint venture to the Russian state for a rouble; McDonald's handed over 800 branches to a Siberian businessman for a symbolic sum; both have agreed buyback clauses.

SocGen sold its Rosbank unit to Interros Capital, a firm linked to Russian oligarch Vladimir Potanin.

Many have given the keys to local managers. Almost all have booked hefty writedowns totalling tens of billions of dollars. Ladau decided against a buyback clause. "The

Russia," he said.

Experts say it will be tough for new owners in an increasingly isolated Russia without access to Western goods. The cost of everything from food to energy is soaring and the economy has plunged into recession.



sion. Still, the departures have provided an unexpected windfall to firms and entrepreneurs in Russia and countries outside of sanctions, as they snap up prized assets for a bargain.

One aspect of the exodus highlights its unusual nature: the absence of bankers who would normally play a key role in deals. Sources say banks have steered clear due to concerns about breaking sanctions. Instead, companies are relying on lawyers in

business, said even advisers in Russia gave conflicting advice along the way.

Putin's swoop on Sakhalin on Thursday was clearer.

"Soon they'll retaliate, not just with gas, but in other ways," said a senior executive whose company is struggling to get out. ■

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SELECTED ECONOMIC INDICATORS

**Governor Secretariat
Policy Support Wing
07 July 2022**

	06 July 2021	30 June, 2021	30 June 2022	06 July 2022	
1. Foreign Exchange Reserve (In million US\$)	46544.36	46391.44	41865.06	41983.82	
2. Interbank Taka-USD Exchange Rate (Average)	06 July 2021	30 June, 2021	30 June 2022	06 July 2022	
Call Money Rate	84.8049	84.8146	93.4500	93.4500	
3. Weighted Average Rate	06 July 2021	30 June, 2021	30 June 2022	06 July 2022	
	2.44	2.23	4.42	5.48	
Broad/Overall Share Price Index	06 July 2021	30 June, 2021	06 July 2022	Percentage change	
a) Dhaka Stock Exchange (DSE) ⁽⁶⁾	6196.57	6150.48	6366.05	From June, 2021	From June, 2020
b) Chittagong Stock Exchange (CSE)	17956.25	17795.04	18749.48	3.50	55.34
				5.36	58.45
5. a) Wage Earners' Remittances (In million US\$)	June, 2021	July-June, FY21	June, 2022 ^P	July-June, FY22 ^P	FY2019-20
b) Annual Percentage Change	1940.81	24777.71	1837.27	21031.68	18205.01
	5.90	36.10	-5.33	-15.12	10.87
a) Import (C&F) (In million US\$)	May, 2021	July-May' FY21	May, 2022 ^P	July-May' FY22 ^P	FY2020-21
b) Annual Percentage Change	6135.80	58625.70	7276.30	81496.50	65594.70
	73.65	17.31	18.59	39.01	19.73
6. a) Import (Lo-b) (In million US\$)	May, 2021	July-May' FY21	May, 2022 ^P	July-May' FY22 ^P	FY2020-21
b) Annual Percentage Change	5676.00	54234.00	6731.00	75400.00	60681.00
	73.63	17.28	18.59	39.03	19.71
7. a) Export (EPB) (In million US\$)*	June, 2021	July-June, FY21	June, 2022 ^P	July-June, FY22 ^P	FY2019-20
b) Annual Percentage Change	3577.49	38758.31	4908.03	52082.66	33674.09
	31.77	15.10	37.19	34.38	-16.93
8. Current Account Balance (In million US\$)	July-May, 2021	July-May, 2022 ^P	July-May, 2022 ^P	FY 2020-2021 ^R	
	-2783.0	-17233.0	-17233.0	-4575.0	
9. a) Tax Revenue (NBR) (Tk. in crore)	April, 2021	July-Apr' FY21	April, 2022 ^P	July-Apr, FY22 ^P	FY2020-21
b) Annual Percentage Change	19326.12	197583.43	23730.50	227738.95	259881.80
	116.16	12.87	22.79	15.26	18.99
Investment in National Savings Certificates (Tk. in crore)	May, 2021	July-May' FY21	May, 2022 ^R	July-May' FY22 ^R	FY2020-21
a) Net sale	2657.34	37385.98	638.68	18157.44	41959.54
b) Total Outstanding	339520.34	339520.34	362251.35	362251.35	344093.90
	May, 2021	June, 2021	May, 2022 ^P	Percentage change	
a) Reserve Money (RM) (Tk. in crore)	327852.50	348071.80	330829.40	May'22 over May'21	May'21 over Jun'20
b) Broad Money (M2) (Tk. in crore)	1526275.60	1560895.20	1662637.00	0.91	15.24
				-4.95	22.35
				8.93	13.62

		Percentage change												
		July-May, FY21						July-May, FY22 ^P						
		Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement			
12.	Total Domestic Credit (Tk. in crore) a) Net Credit to the Govt. Sector b) Credit to the Other Public Sector c) Credit to the Private Sector	1400067.70 197478.80 30780.00 1171808.90	1439899.00 221025.90 30017.80 1188855.30	1611546.90 251184.40 36880.10 1323482.40	15.10 27.20 19.82 12.94	11.92 13.64 22.86 11.32	7.07 9.01 5.36 6.79						10.11 22.01 2.75 8.35	
13.	L/C Opening and Settlement (million US\$) a) Consumer Goods b) Capital Machinery c) Intermediate Goods d) Petroleum e) Industrial Raw Materials f) Others Total	7165.23 5038.60 5475.74 3964.08 21355.42 16298.42 59297.49	6095.88 3391.25 4609.55 3760.81 18032.67 15016.88 50907.04	8161.29 4586.65 6560.85 7771.70 27292.12 20760.69 75133.30	31.08 20.30 35.16 111.03 43.56 40.97 43.10	33.88 35.25 42.33 106.65 51.35 38.25 47.59								18.73 -12.39 3.91 -5.14 11.01 9.64 7.52
	Rate of Inflation on the basis of Consumer Price Index for National (Base:2005-06=100) a) Twelve Month Average Basis b) Point to Point Basis	December, 2018 5.55 5.35	June, 2019 5.48 5.52	June, 2021 5.56 5.64	December, 2021 5.55 6.05	March, 2022 5.75 6.22	April, 2022 5.81 6.29							May, 2022 5.99 7.42
14.	Corresponding Period a) Twelve Month Average Basis b) Point to Point Basis	December, 2017 5.70 5.83	June, 2018 5.78 5.54	June, 2020 5.65 6.02	December, 2020 5.69 5.29	March, 2021 5.63 5.47	April, 2021 5.60 5.56							May, 2021 5.59 5.26
15.	Classified Loan a) Percentage Share of Classified Loan to Total Outstanding b) Percentage Share of Net Classified Loan	December, 2018 10.30 2.18	June, 2019 11.69 2.53	June, 2020 9.16 0.15	March, 2021 8.07 -0.48	June, 2021 8.18 -0.47	December, 2021 7.93 -0.43							March, 2022 8.53 -0.07
16.	Agricultural and Non-farm Rural Credit (Tk. in crore) a) Disbursement ** b) Recovery c) Outstanding	April 21 1859.43 1661.65 45600.85	May 21 1597.65 2000.54 45237.50	April 22 ^P 2252.52 2051.26 49263.90	July-May 21-22 ^P 21970.39 23437.08 45237.50	May 22 ^P 2210.01 2033.76 49551.28	FY 2020-21 25511.35 27123.90 45939.80	FY 2019-20 22749.03 21245.24 45592.86						FY 2018-19 23616.25 23734.32 42974.29
17.	SME Loan (Tk. in crore) a) Disbursement c) Outstanding	Apr-Jun 19-20 28063.70 221695.35	Oct-Dec 20-21 48980.98 237653.44	Apr-Jun 20-21 41788.73 243074.82	Jan-Mar 20-21 44445.67 240169.54	Jul-Sep 21-22 42075.49 245325.67	Jan-Mar 21-22 ^P 51716.69 252082.09	2021 185428.48 252082.09						2020 153496.15 237653.44
18.	Industrial Term Loan (Tk. in crore) a) Disbursement b) Recovery c) Outstanding	Apr-Jun 19-20 12132.03 10187.76 277351.09	Oct-Dec 20-21 16499.23 15538.37 275311.09	Apr-Jun 20-21 19430.74 14734.86 315294.16	Jan-Mar 20-21 17379.01 16893.10 299048.73	Jul-Sep 21-22 14834.23 12979.47 303329.12	Jan-Mar 21-22 ^P 17340.49 16572.97 310572.40	FY 2020-21 68765.25 58488.71 1163938.15						FY 2019-20 74257.02 69723.89 277351.09
19.	GDP Growth Rate (in percent, Base: 2005-06=100)	2013-14 6.06	2014-15 6.55	2016-17 ^N 6.59	2015-16 7.11	2017-18 ^N 7.32	2019-20 ^N 7.88	2020-21 ^{NR} 6.94						2021-22 ^P 7.25

Weekly basis commodity Statement of LCs Opened and Settled for the month of 01-14 June/2022

In million US \$(Provisional)

Sl. No.	Name Of The Commodity	First week		Second week		Third week		Fourth week		Fifth week		Total	
		Opened	Settled	Opened	Settled	Opened	Settled	Opened	Settled	Opened	Settled	Opened	Settled
1.	Rice	0.85	0.30	2.04	0.14							2.89	0.44
	i) Private Sector	0.85	0.30	2.04	0.14							2.89	0.44
	ii) Public Sector	0.00	0.00	0.00	0.00							0.00	0.00
2.	Wheat	0.30	21.67	18.02	27.53							18.33	49.20
	i) Private Sector	0.30	21.52	18.02	27.51							18.33	49.03
	ii) Public Sector	0.00	0.15	0.00	0.02							0.00	0.17
3.	Sugar	9.77	0.00	0.51	6.16							10.28	6.16
	a. Raw	9.09	0.00	0.06	6.16							9.15	6.16
	i) Private Sector	9.09	0.00	0.00	6.16							9.09	6.16
	ii) Public Sector	0.00	0.00	0.06	0.00							0.06	0.00
	b. Refined	0.67	0.00	0.45	0.00							1.13	0.00
	i) Private Sector	0.67	0.00	0.45	0.00							1.13	0.00
	ii) Public Sector	0.00	0.00	0.00	0.00							0.00	0.00
4.	Milk Food	7.15	8.70	4.53	2.80							11.68	11.50
5.	Edible Oil (Refined)	37.32	16.32	37.15	15.47							74.48	31.79
	a) Soyabean	18.52	0.00	11.76	8.55							30.28	8.55
	b) Palm Oil	18.55	16.17	24.80	6.92							43.35	23.09
	c) Others	0.26	0.14	0.59	0.00							0.85	0.14
6.	Edible Oil (Crude)	54.36	95.62	59.37	33.62							113.74	129.24
	a) Soyabean	32.19	11.12	55.05	13.13							87.25	24.25
	b) Palm Oil	0.19	0.00	4.27	0.00							4.46	0.00
	c) Others	21.98	84.50	0.05	20.49							22.03	104.99
7.	Dry Fruits	0.81	1.24	0.55	0.79							1.36	2.03
	a) Dates	0.02	0.98	0.04	0.60							0.06	1.58
	b) Others	0.78	0.26	0.51	0.19							1.30	0.45
8.	Pulses	19.23	0.62	0.71	11.04							19.94	11.66
	a) Masur Dal	13.83	0.56	0.39	10.48							14.22	11.04
	b) Chola Dal	0.00	0.00	0.00	0.00							0.00	0.00
	c) Others	5.40	0.06	0.32	0.56							5.72	0.62
9.	Onion	0.00	0.63	2.48	0.22							2.48	0.86
10.	Ginger	0.39	0.83	0.43	0.62							0.82	1.46
11.	Drugs & Medicines	1.17	0.57	3.64	2.19							4.81	2.75
12.	Poultry Feeds	23.67	12.63	9.69	11.68							33.37	24.32
13.	Coal	0.01	1.25	0.04	9.53							0.05	10.78
14.	Cement	1.13	4.35	2.39	7.59							3.51	11.93
15.	Clinker	8.89	9.94	8.31	16.69							17.20	26.64
16.	B.P Sheet	6.12	1.98	0.86	1.03							6.97	3.01
17.	Scrap Vessels	18.91	3.01	13.18	14.64							32.09	17.64
18.	Paper	3.71	2.01	3.01	4.14							6.73	6.15
	i) Newsprint	0.00	0.17	0.29	0.77							0.29	0.94
	ii) Others	3.71	1.83	2.73	3.37							6.44	5.20
19.	Zinc Ingot	0.95	1.12	0.39	0.68							1.34	1.80
20.	Raw Cotton	53.63	53.18	78.96	60.59							132.59	113.77
21.	Synthetic/Mixed Yarn	25.01	24.24	17.28	23.32							42.29	47.56
22.	Cotton Yarn	35.51	57.40	23.36	53.04							58.88	110.44
23.	Textile Fabrics	16.63	14.49	22.08	18.42							38.72	32.91
24.	Textile Accessories	15.75	16.74	17.12	13.97							32.87	30.71
25.	Back-to-Back LCs	121.67	165.85	117.51	169.77							239.18	335.62
	a. Fabrics	87.03	111.45	76.42	112.33							163.45	223.79
	b. Accessories	32.04	51.16	36.91	51.73							68.95	102.90
	c. Others	2.59	3.24	4.18	5.70							6.77	8.94
26.	Pharmaceutical Raw Materials	18.19	23.42	16.56	20.37							34.75	43.79
27.	Chemicals & Chemical Products	56.03	37.12	35.76	46.92							91.79	84.04
	a. Chemical Fertilizer	25.04	6.04	3.04	18.53							28.08	24.57
	i) Urea	0.12	0.08	0.00	0.35							0.12	0.43
	ii) TSP	0.17	0.09	0.07	8.47							0.23	8.56
	iii) MOP	0.09	0.02	0.03	0.00							0.12	0.02
	iv) DAP	22.32	0.41	0.09	0.77							22.41	1.18
	v) Others	2.34	5.45	2.86	8.94							5.20	14.38
	b. Other Chemicals & Chemical Product	30.99	31.08	32.72	28.38							63.71	59.46
28.	P.O.L.	46.79	8.97	3.17	19.42							49.96	28.38
	i) Crude	11.71	5.33	0.00	16.59							11.71	21.92
	ii) Refined	35.08	3.63	3.17	2.83							38.24	6.46
29.	Capital Machinery	88.39	119.78	56.84	70.15							145.23	189.93
30.	Machinery For Misc Industries	70.31	34.24	31.35	46.37							101.66	80.61
31.	Motor Vehicle	16.15	14.25	5.40	15.52							21.55	29.77
32.	Computer, Its Accessories & Spares	4.26	5.89	7.17	16.00							11.43	21.89
33.	Medical, Surgical & Dental Equipments	3.55	3.34	2.36	2.09							5.91	5.43
34.	Others	505.05	394.64	420.65	509.83							925.70	904.47
	Grand Total	1271.67	1156.34	1022.90	1252.33							2294.57	2408.67

Data downloaded: June on 20.06.2022.



Solar In Schools: PM's Directive Goes Unheeded For 7 Years

Business Outlook Report

It has been more than seven years since the prime minister directed the authorities to install rooftop solar power system in all schools across the country. The order is yet to see the light. An official document, obtained by the UNB, shows that Prime Minister Sheikh Hasina issued an order on April 9 in 2015 to the power authorities to bring country's all schools under solar power system. Following the order, the Power Division of the Ministry of Power, Energy and Mineral Resources asked all the 6 power distribution companies to take initiative to implement the order.

As per the order, Bangladesh Power Development Board (BPDB), Bangladesh Rural Electrification Board (BREB), Dhaka Power Distribution Company Limited (DPDC), Dhaka Electric Supply Company (Desco), West Zone Power Distribution Company Limited (WZPDCL), and Northern Electric Supply Company (Nesco) conducted their own surveys under a certain category and selected 92,513 schools across the country to install the rooftop solar power

system. According to the surveys, the total rooftop solar power plants' length was calculated to be 20.031 million square meters which would generate 1,185 MW of electricity. Officials said the main idea behind the PM's order was to promote green energy and reduce carbon emission as part of Bangladesh's Global Climate Change commitment.

Sources said though the surveys were conducted by the distribution companies, there was no follow-up either from the ministry, or from the distribution companies to implement the highest official directive. About five years later, the Sustainable and Renewable Energy Development Authority (Sreda) and Power Cell, the technical wing of the Power Division, prepared a report fixing some criteria and also the process that would apply in implementation of a project in this regard. Sources said the report was sent to the Power Division on May 26 last year. But the Power Division found the report a bit incomplete as it didn't mention which ministry would bear a huge cost that would be required to executive the project.

Secondly, they said, it was also not clear as to whether the ministry concerned should implement such a project on Capex Model or on Opex Model. In the Capex Model, the beneficiary ministry or an organisation would install the solar plant at its own cost and get the ownership. On the other hand, under the Opex Model, a third party would install the plant at its own cost as an independent power producer (IPP) and sell the electricity to the beneficiary organisation. Official sources said that recently the Sreda and the Power Cell recast their joint report on the issue and re-sent the report to the Power Division. They said the report was prepared considering the country's achievement of completing 100 per cent electricity coverage.

A source at Power Division, wishing not to be named, informed that a high level meeting of the decision recently decided to send an executive summary on the subject to the prime minister for further instruction. ■

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- △ 100 MW HFO Fired Power Plant in Khulna

50th Anniversary: Development Cooperation Through Bridges Between Japan And Bangladesh



*Ito Naoki,
Japanese Ambassador to Bangladesh*

Business Outlook Report

On June 25, a historic inauguration ceremony of Padma Bridge was held. At the initial stage, JICA conducted a feasibility study for the bridge. Then it was constructed by the Bangladesh government on its own. The Bridge is indeed a testament to the development efforts of Bangladesh. I would like to express my fullest congratulations to the people of Bangladesh on the completion of the bridge.

The 134 bridges constructed by JICA in Bangladesh have contributed significantly to the economic development through enhanced integration and connectivity of the country. They are also bonds with Japan. In 1972, Bangabandhu Sheikh Mujibur

Rahman expressed his hope to Ambassador Oyamada, the first Japanese Ambassador, to build a giant bridge, which would be a symbol of friendship between Japan and Bangladesh. In response, JICA started the feasibility study for the construction in 1973.

Since then, Japan cooperated in constructing the high quality bridge to improve the country's transportation access. The Jamuna Bridge, which Bangabandhu dreamt of, was completed in 1998 and printed on Bangladesh's 100 taka banknote. The recent completion of the Kanchpur, Meghna, and Gumti Bridges, known as KMG Bridges, connecting Dhaka and Chattogram, Bangladesh's most important economic corridor, showed the prominent features of

Japanese quality infrastructure assistance. Despite various difficulties, KMG Bridges were completed on schedule and at a lower cost.

Moreover, Japanese engineers eagerly trained Bangladeshi engineers, providing advice and technology transfer during the construction. The project of the KMG Bridges increased confidence in Japan. It was well-received by the people of Bangladesh as an example of a bond to further deepen our friendship.

THE DAWN OF JAPAN-BANGLADESH FRIENDLY RELATIONS: 50 years ago, on February 10, 1972, Japan recognised Bangladesh as a sovereign state soon after its independence. In the letter addressed to Mr.

Mohammed Abdus Samad Azad, then Minister of Foreign Affairs of Bangladesh, Mr. Fukuda Takeo, then Minister of Foreign Affairs of Japan, expressed Japan's wish for the prosperity of Bangladesh and its eagerness to promote friendly relations between the two countries. In his reply, Mr. Azad expressed his determination to rebuild through cooperation with Japan Bangladesh's economy devastated from the liberation war.

The following year, 1973, Bangabandhu made a historic visit to Japan. His visit laid the solid foundation for our bilateral relations. It steered the course of the subsequent partnership. He then expressed his wish that Japan would be Bangladesh's most important development partner. He

probably witnessed the future development of Bangladesh in the post-war reconstruction of Japan at the time.

In 1973, Japan established a basic policy for its assistance to Bangladesh. First, Japan regards Bangladesh as an import-

harmony with society and the environment and "resilient" against economic crises, natural disasters, and other shocks.

Japan cooperates with developing countries to promote "quality infrastructures," focusing

THE STRENGTHS OF JAPANESE INFRASTRUCTURE INVESTMENT IN BANGLADESH: The amount of yen loans to Bangladesh has increased tenfold in ten years. Bangladesh has had the highest economic growth rate in Asia over

deployed in Bangladesh, in addition to the cost and time elements which were already explained in the KMG case.

Japanese "quality infrastructure" in Bangladesh

Today, mega-infrastructure projects by JICA are nearing completion day by day under the Bay of Bengal Industrial Growth Belt (BIG-B) initiative, launched by Honorable Prime Minister Sheikh Hasina and then Prime Minister Abe Shinzo in 2014.

This December, the Dhaka metro will start its operation. Line 6 will initially serve about 48,000 passengers per day. Furthermore, the metro rail network is planned to expand to 130 km around Dhaka by 2030, and Japan will work with this. Hazrat Shahjalal International Airport Expansion will increase the number of passengers from the current 8 million per year to 20 million.

Matarbari Port, the first deep-sea port, is expected to have an impact that will further boost the country's growth momentum. Once completed, mother vessels will come directly to anchor at Matarbari Port without reloading cargoes at Colombo or Singapore. The deep-sea port will connect Bangladesh to South, Southeast, and East Asia, including Japan. It will be a



ant country located at the nexus of the Indian subcontinent and South-east Asia. Second, Bangladesh should not be regarded merely as a separate country from Pakistan but as a country comparable to ASEAN countries. That basic idea remains the same today.

SIGNIFICANCE OF JAPAN'S INTERNATIONAL COOPERATION: It is vital for developing countries, including Bangladesh, to achieve "quality growth," which is inclusive development that benefits society as a whole, leaving no one behind. At the same time, the growth needs to be sustainable, in

on openness, transparency, cost-efficiency, and debt sustainability. Furthermore, those infrastructures provide safety and resilience against disasters. Needless to say, they need to be sustainable and SDG-compliant with considerations of social and environmental impacts. Japan will continue to help develop "quality infrastructure" in line with the economic needs and development strategies of developing countries and also train human resources to maintain and operate the infrastructure, mindful of the importance of technological transfer.

the last decade. Bangladesh shows sound debt sustainability, and its foreign exchange reserves have increased due to rising exports and remittances from abroad. In addition to strong economic growth and growing demand for infrastructure, confidence in Bangladesh is high. Last fiscal year, the 42nd round of yen loans to Bangladesh to boost growth amounted to approximately USD 2.75 billion, including COVID-19 Crisis Response Emergency Support Loan.

I would like to highlight four strengths of Japanese infrastructure investment

game-changer for the country.

Bangabandhu Railway Bridge will enhance rail connectivity between the capital and the country's northwestern regions. These projects by Japanese ODA are in line to be completed and essential for fulfilling the growth potential of Bangladesh. They will soon change the face of the nation and the lives of people. Furthermore, Bangladesh Special Economic Zone (BSEZ) in Araihaaz will also be ready to host Japanese and international investment in December. More and more businesses, entrepreneurs, and investors will see Bangladesh as an attractive investment destination. It is also noteworthy that these projects have not been significantly delayed in the construction schedule despite the COVID-19 pandemic.

Strengthening of regional connectivity

These projects are fundamental to Bangladesh's economic growth and people's lives. They will dramatically enhance regional connectivity and the economic opportunities in Bangladesh and open up the further possibility of regional development. I would like to reiterate that Bangladesh's further growth and prosperity are vital for the stability of the entire

Indo-Pacific.

Local social development

Japanese projects are also characterised by the fact that the Japanese companies involved in the projects contribute to the social development of local communities, through construction work per se and by CSR activities. In Bangladesh, for example, in the Matarbari project, a Japanese company has renovated educational facilities, provided local transport by operating free small buses, and donated rice to

al development and responding to population growth in Matarbari and surrounding areas in Cox's Bazar District.

Inclusive assistance: technical cooperation projects

In parallel to its iconic yen-loan infrastructure projects, Japan is also focusing on inclusive assistance for Bangladeshi society and human resources development in various fields including governance, rural development, health, and education. For example, some technical coopera-

cooperation projects include initiatives to improve livelihood of people dependent on fisheries, including "Rohingya" host communities in Cox's Bazar, and to strengthen waste management in the cities of North and South Dhaka and Chattogram. These technical cooperation projects fully utilise Japanese knowledge, technology, and experience to develop human resources and play a significant role in resolving social issues and economic development in Bangladesh.



local communities. We just signed exchange of notes on South Chattogram Regional Development Project on June 28. In the project, Local Government Engineering Department (LGED) will enhance the quality of life by improving social infrastructure for industri-

tion projects have been implemented to improve the investment climate in Bangladesh. These projects aim to improve the ease of doing business, including regulatory reform and capacity building with the efforts of ministries and authorities. Other technical

FUTURE DEVELOPMENT COOPERATION AND REALISATION OF BANGABANDHU'S DREAM: Japan is ready to engage in Bangladesh's development journey further. On May 24, Mr. Kishida Fumio, Prime Minister of

Japan, hosted the Japan-Australia-In-

prosperity in the Indo-Pacific region. They

the leaders remain firmly committed to realising a

enhancing connectivity by supporting the development of sustainable and durable infrastructure and by providing technical assistance. Also, it focuses on green energy and digital economy.

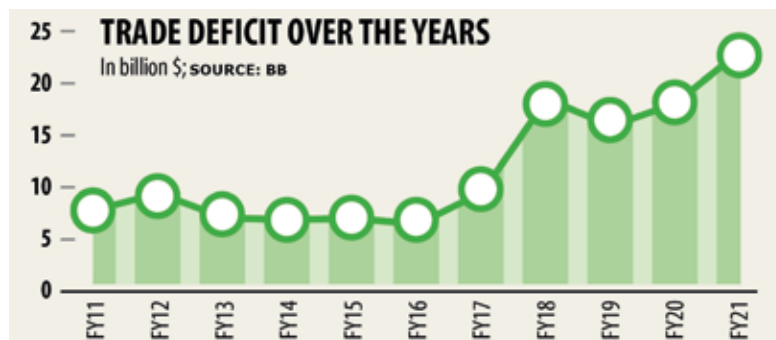
Japan is a partner for Bangladesh to pursue and promote FOIP further. On the milestone of the 50th anniversary of the establishment of diplomatic relations between the two countries, Japan looks forward to the new era of the Japan-Bangladesh relationship and reassures its readiness to work together and stand by Bangladesh and its people towards the realisation of Bangabandhu's dream - Shonar Bangla, in the new era of bilateral relations. ■



dia-U.S. Leaders' Meeting. At the meeting, the four leaders affirmed their commitment to deepen infrastructure cooperation, which is critical to driving productivity and

announced they would seek to extend more than 50 billion USD of infrastructure assistance and investment in the Indo-Pacific over the next five years. Furthermore,

Free and Open Indo-Pacific (FOIP). In Tokyo, the US hosted a meeting on the launch of the Indo-Pacific Economic Framework (IPEF). The framework refers to



Trade Deficit Hits Historic High

Business Outlook Report

Bangladesh's trade deficit hit a historic high of \$30.81 billion in the first 11 months of the 2021-22 fiscal year, intensifying the pressure on the macroeconomic zone. The country has been facing the higher trade deficit in recent

months due to the escalation of imports against lower exports. Trade deficit in the first 11 months of FY21 stood at \$20.70 billion, according to data from the Bangladesh Bank. This has already created a tremendous pressure on the foreign exchange reserves, prompting a

foreign exchange crisis in the banking sector. Between July and May last fiscal year, imports increased to \$75.40 billion, up 39 per cent year-on-year when exports grew 33 per cent to \$44.58 billion. The higher trade deficit also registered a record current account deficit of \$17.23 billion in the first 11 months of FY22 in contrast to a deficit of \$2.78 billion a year ago. These also squeezed the foreign exchange reserves, which stood at \$41.86 billion as of June 29, down \$46.08 billion from a year ago.

The majority of the banks are now facing inadequate US dollars due to the high imports, which has consequently left an adverse impact on the exchange rate of the taka against the dollar.

The exchange rate stood at Tk 93.45 each dollar yesterday compared to Tk 84.80 a year before. ■

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